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# NAVAL POSTGRADUATE SCHOOL

## Monterey, California



## THESIS

**HUGO CHAVEZ FRIAS' PRESIDENTIAL ELECTION:  
THE INSTITUTIONAL, ECONOMIC, AND CULTURAL  
DIMENSIONS OF A POLITICAL PHENOMENON**

by

Wismar Alí Sarmiento Lylo

June 2000

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The thesis analyzes the rise of a political outsider in Venezuela, a country previously dominated by candidates from a strong and consolidated party system. This thesis examines three dimensions—institutional, economic, and cultural—to find interrelated elements that explain the Hugo Chávez Frías' presidential victory in 1998. The findings suggest that the Venezuelan political culture constantly fosters military participation in politics. For many years, the impulse was contained by an institutionalized party system. However, poor economic performance by political leaders led to the decreasing governability and political instability in the 1990s, and the decay of the institutionalized party system, which created the opportunity for Hugo Chávez Frías to win the 1998 presidential election.

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INSTITUTIONAL, ECONOMIC, AND CULTURAL DIMENSIONS OF A  
POLITICAL PHENOMENON**

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Submitted in partial fulfillment of the  
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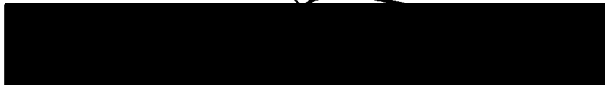
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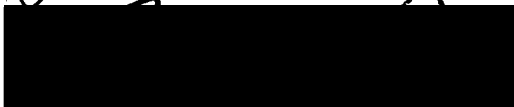
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## ABSTRACT

The thesis analyzes the rise of a political outsider in Venezuela, a country previously dominated by candidates from a strong and consolidated democratic party system. This thesis examines three dimensions—institutional, economic, and cultural—to find interrelated elements that explain the Hugo Chávez Frías' presidential victory in 1998. The findings suggest that the Venezuelan political culture constantly fosters military participation in politics. For many years, this impulse was contained by an institutionalized party system. However, poor economic performance by political leaders led to the decreasing governability and political instability in the 1990s, and the decay of the institutionalized party system, which created the opportunity for Hugo Chávez Frías to win the 1998 presidential election.

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## EXECUTIVE SUMMARY

This thesis examines the rise of a political outsider in a country previously dominated by candidates from a strong and consolidated party system. It hypothesizes that this political phenomenon is a by-product of the political leadership's failure to address the social, economic, and political needs and demands of the Venezuelan population. This led to the deinstitutionalization of the party system and of civilian control over the military.

As a single case study, this thesis investigates three dimensions—institutional, economic, and cultural—to explain the presidential victory of Hugo Chávez Frías. The institutional perspective suggests why the two-party system, established following the 1958 democratic transition, degenerated into a inefficient, inefficacious, and illegitimate “partyarchy.” It also explains why a progressive deinstitutionalization of the two-party system encouraged the emergence of political outsiders. The economic perspective explores political decisions and events that explain why a country with enormous oil revenues developed unsuccessfully, socially and economically. It also analyzes why the failed economic performance of the Venezuelan political class led to a deinstitutionalization of the party system. Finally, the cultural approach discusses the Venezuelan armed forces' inherited custom of participating in politics, and how this participation materialized as the 1992 coup attempts, paving the way for Hugo Chávez Frías' presidential victory in the elections on December, 6<sup>th</sup> 1998.

This thesis argues the military's tradition of participating in Venezuela's political life has represented a constant challenge to the survival of democratic regimes. The armed forces have often seen politicians as incapable of ruling the country. However, since 1958, by means of a political pact designed to distribute oil revenues to develop the country, the traditional parties (AD and COPEI) achieved institutionalization, ensuring a stable degree of governability. Nevertheless, once the political class tied itself to corruption and mismanagement and failed to further development, sentiments against the political establishment arose. Urban riots and military uprisings were the violent responses to a discredited two-party system. Later, a progressive deinstitutionalization of the party system accelerated as voters decided to no longer support traditional parties. This allowed Hugo Chávez Frías, a former coup leader with scant political background, to be elected president in 1998.

## **ACKNOWLEDGMENT**

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## I. INTRODUCTION

### A. OBJECTIVE

This thesis examines the rise of a political outsider in a country previously dominated by candidates from a strong and consolidated party system. It hypothesizes that this political phenomenon is a by-product of the political leadership's failure to address social, economic, and political demands.<sup>1</sup> This thesis further investigates three dimensions—institutional, economic, and cultural—to explain Hugo Chávez Frías' presidential victory in Venezuela in 1998. As Aníbal Romero points out, the factors that must be considered to explain political changes in Venezuela are “economic (falling oil prices and the eroding distributive capacity of the state, cultural (the predominance of a paternalistic culture...), and institutional (corruption and the reduced capacity of political parties).”<sup>2</sup> First, by using an institutional approach, this thesis will show how the two-party system, established since the 1958 democratic transition, degenerated into an inefficient, and illegitimate “partyarchy.” The second perspective, the economic, will assess the political decisions and events that explain why Venezuela, a country that had enormous oil revenues, became a “poor rich country,” with extreme poverty and inequality. Finally, using a cultural approach, it will explain why Hugo Chávez and his military colleagues decided to intervene violently in politics during the two failed coups

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<sup>1</sup> Linz, Juan J., *The Breakdown of Democratic Regimes: Crisis, Breakdown, and Reequilibration*, The Johns Hopkins University Press, 1978, p. 45.

<sup>2</sup> Romero, Aníbal, “Venezuela: Democracy Hangs On,” *Journal of Democracy*, v. 7.4, 1996, p. 31.

d'état in 1992, and why this non-democratic political participation was crucial in paving the way for his victory in the presidential elections on December 6, 1998.<sup>3</sup>

## B. BACKGROUND

Following the overthrow of General Marcos Perez Jimenez's authoritarian regime in January 1958, Venezuelans established what many considered an exceptionally stable democracy.<sup>4</sup> During the last four decades, an institutionalized party system<sup>5</sup> in combination with advantageous economic revenues coming from oil production ensured a solid governability for democratically elected leaders.<sup>6</sup> Likewise, the pacted nature of the Venezuelan democratic transition, which was characterized by easy and fast settlements among political elites without major involvement of the armed forces,<sup>7</sup> contributed to a suitable civilian control over military.<sup>8</sup>

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<sup>3</sup> Loveman, Brian, *For la Patria: Politics and the Armed Forces in Latin America*, Wilmington, DE, Scholarly Resources Inc., 1999, xiv.

<sup>4</sup> McCoy, Jennifer, "Venezuela: Crisis de Confianza," in Andrés Serbin, Andrés Stambouli, Jennifer McCoy, and William Smith, eds. *Venezuela: la Democracia Bajo Presión*, Instituto Venezolano de Estudios Sociales y Políticos (INVEP), (Miami, FL, North-South Center, Universidad de Miami, Editorial Nueva Sociedad, 1993), p.11.

<sup>5</sup> Kornblith, Miriam and Levine, Daniel "Venezuela: The Life and Times of the Party System," in Scott Mainwaring and Timothy R. Scully, eds. *Building Democratic Institutions: Party Systems in Latin America*, (Stanford, CA, Stanford University Press, 1995), p. 39.

<sup>6</sup> Karl, Terry L., *The Paradox of Plenty: Oil Booms and Petro-States*, (Berkeley, Ca, University of California Press, 1997), p. 3.

<sup>7</sup> Peeler, John, "Elite Settlements and Democratic Consolidation: Colombia, Costa Rica, and Venezuela," in John Higley and Richard Gunter, eds. *Elites and Democratic Consolidation in Latin America and Southern Europe*, (New York, N.Y., Cambridge University Press, 1992), p. 102.

<sup>8</sup> Trinkunas, Harold A., *Crafting Civilian Control of the Armed Forces: Political Conflict, Institutional Design and Military Subordination in Emerging Democracies*, Ph.D. Dissertation, Stanford University, Stanford, Ca, October, 1998, p.p. 20-21.



However, the popular civilian uprisings of February 1989 and the two military coup attempts of 1992 were unequivocal signs of a severe deterioration of the efficacy (i.e., the capacity to find solutions) and effectiveness (i.e., the capacity to implement policies formulated) of the Venezuela democratic regime, almost leading to its breakdown.<sup>9</sup> Here, the same political class—perniciously related to the economic elite—that Venezuelans once trusted to lead the country along a path of economic, social and political fairness, and equity, did exactly the opposite.<sup>10</sup> Corruption, nepotism, and patrimonialism were the day-to-day *modus operandi* and also *vivendi* of politicians, while poverty and social inequality grew. This environment progressively discredited the legitimacy of the democratic regime, which manifested itself through increasing levels of electoral abstention.<sup>11</sup>

This popular disenchantment provided an opportunity for Hugo Chávez, a former lieutenant colonel and the leader of two failed coup attempts in 1992, to participate in politics, but now in a pacific way. As a result, Hugo Chávez was elected president on December 1998, which meant the end of the two-party system and its strong influence in determining access to power.<sup>12</sup>

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<sup>9</sup> Linz, p.p. 16, 20, 22.

<sup>10</sup> McCoy, p.12.

<sup>11</sup> Kornblith and Levine, p. 62.

<sup>12</sup> Mainwaring, Scott and Scully, Timothy R., eds. *Building Democratic Institutions: Party Systems in Latin America*, (Stanford, CA, Stanford University Press, 1995), p. 5.

### C. METHODOLOGY AND THEORETHICAL FRAMEWORK

As a single case study, this thesis focuses on this political phenomenon in Venezuela in order to generate hypotheses that could be relevant for other democratizing or degenerating regimes. It examines party institutionalization, economic development, and the political culture of the military to build a comprehensive explanation of the Hugo Chávez phenomenon in Venezuela.

The institutional dimension of this explanation builds the arguments of Scott Mainwaring and Timothy R. Scully in *Building Democratic Institutions: Party Systems in Latin America* to show why a progressive deinstitutionalization of the two-party system encouraged the emergence of political outsiders (individuals and groups). In explaining this issue, Scott Mainwaring and Timothy R. Scully hold:

Where the party system is more institutionalized, parties are key actors that structure the political process; where it is less institutionalized, parties are not so dominant, they do not structure the political process as much, and politics tends to be less institutionalized and therefore more unpredictable. Democratic politics is more erratic, establishing legitimacy is more difficult, and governing is more complicated.<sup>13</sup>

The study shows how an institutionalized party system, and in particular, a pacted political class, hindered the achievement of any real economic development in the Venezuelan oil-state over the last forty years. Terry L. Karl in *The Paradox of Plenty* argues that “a democracy by pact can institutionalize a conservative bias into the polity, creating a new status quo that can block further progress toward political, social, and

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<sup>13</sup> Mainwaring and Scully, p. 22.

economic development.”<sup>14</sup> In addition, Karl traces economic mismanagement and corruption to the ability of politicians to rely on oil revenue:

Because rents are extraordinary in oil states, government officials have additional capacity to extract unusually high income from their resource without added investment....These rents mold the government, especially its jurisdiction, meaning its scope or degree of intervention in the economy, and its authority, meaning its ability to penetrate society...<sup>15</sup>

In the case of the oil booms (1973 and 1983), they not only represented a barrier for further economic development, but also encouraged political decay. Karl states:

Oil booms are likely to have pernicious effects in this context by dramatically exacerbating petroization... and further weakening the state capacity. Thus they lead to economic decline and regime destabilization while creating the illusion that they are doing exactly the opposite.<sup>16</sup>

The failure of the traditional parties to develop the country economically and, in particular, their inability to carry out sustained economic reforms in the 1990s contributed to the deinstitutionalization of the party system. As Juan J. Linz and other students of democracy have argued, increasing ineffectiveness and inefficacy is likely to lead to a deep illegitimacy and loss of electoral support for responsible parties. As Linz states:

Legitimacy is granted or withdrawn by each member of the society day in and day out... Regimes therefore enjoy more or less legitimacy just by existing. Gains and losses of support for governments, leaders, parties, and policies in a democracy are likely to fluctuate rapidly while the belief in legitimacy of the system persists. There is clearly an interaction between the support for the regime and that for the governing parties, which in the absence of other indicators leads to the use of electoral returns and public opinion responses as indirect evidence of the legitimacy of the system. Consequently, the loss of support for all

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<sup>14</sup> Karl, p. 15.

<sup>15</sup> Karl, p.p. 14-15.

<sup>16</sup> Karl, p. 17.

political actors is likely to lead to an erosion of legitimacy... of a particular political system...<sup>17</sup>

Finally, the thesis explains how a former military leader was able to take advantage of the deinstitutionalized party system to be elected president. It builds on Brian Loveman's argument that the culture of Latin America militaries makes them prone to intervene in politics. His argument about military's belief of strongly connected to the founding and development of Latin America countries in the Independence Wars of the nineteenth century explain why military carried out coup d'état attempts in 1992. This in conjunction with the use of Bolivarian symbolism would eventually pave the way for his presidential victory in the 1998 elections. Moreover, his argument adds insightful explanations concerning why members and ex-members are seen by both and themselves, and the population as the saviors of *la patria*.<sup>18</sup> In explaining this issue, Loveman argues:

The military acts when the judgment is made that governments have put *la patria* at risk. By the time this judgment is made public, the military coup-makers commonly have the support of some key civilian groups, or even of a majority of the civilian population...<sup>19</sup>

#### D. IMPORTANCE

Venezuela, as an important oil producer and supplier with a relative well-established democracy, is a point of reference for other countries worldwide with similar political circumstances, and analogous institutional, economic, and cultural backgrounds. Likewise, this case can be used to examine the possible emergence of a new electoral

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<sup>17</sup> Linz, p.p. 17-18.

<sup>18</sup> Loveman, xiv.

<sup>19</sup> Ibid.

trend in Latin American countries, given the similarity with political phenomena, such as the case of Peru, where an unexpected electoral outcome led to the election of Alberto Fujimori and the end of an institutionalized party system.

## **E. ORGANIZATION OF THE STUDY**

Chapter II addresses the evolution of the party system in Venezuela and to what extent its institutionalization and deinstitutionalization affected the political stability of Venezuela.

Chapter III reviews the political performance of the pacted political elite on economic issues since the 1958 democratic transition. It discusses the most important economic decisions and events of the time period, emphasizing the events surrounding the two failed military uprisings and the election of Chávez.

Chapter IV addresses the cultural heritage of the Venezuela military in participating in politics and its eventual influence in the 1998 electoral outcome by means of an analysis of its chronological evolution since the Conquest period.

Finally, Chapter V offers the conclusions on why and how the economic, cultural, and institutional approaches explain the political phenomenon of Hugo Chavez' presidential victory.

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## **II. THE INSTITUTIONAL DIMENSION OF HUGO CHAVEZ FRIAS' PRESIDENTIAL VICTORY**

In Venezuela, a solid institutionalization of a party system had contributed to the establishment of what many authors considered a model of stability. Since 1958, after ten years of an infamous dictatorship, an institutionalized party system based on stable interparty competition, strong roots in society, legitimacy among the population, and stable rules and structures had ensure a total two-party hegemony. Likewise, the pacted nature of the Venezuelan democratic transition, characterized by easy and fast settlements among political elites without major involvement of the armed forces, contributed to a suitable civilian control over the military. However, a progressive deinstitutionalization as a result of an increasing lack of efficacy, effectiveness, and illegitimacy of the two-party system, threatened the stability of the regime, compounded by popular civilian uprisings of February 1989 and two military coup attempts in 1992.

Thus, when looking for factors that can explain the political phenomenon of Hugo Chávez' presidential victory, the institutional approach provides important elements for such a purpose. Once assessed how the institutionalization of political organizations, as parties and party system, stabilize and preserve political systems, especially democracies, it is possible to explain why the progressive deinstitutionalization of the Venezuelan two-party system led not only to a near democratic breakdown in 1992, but also to the 1998 presidential victory of Hugo Chávez Frías, a political outsider.

For this purpose, this chapter is divided in three sections. The first section will assess theoretical concepts concerning parties, party systems, and institutionalization in order to understand what conditions existed in Venezuela that facilitated the institutionalization of a two-party system. The second section will analyze how the institutionalization of the party system facilitated a democratic transition in 1958, and led to the formation of a dominant two-party system, which ensured the formation of a stable democracy. In this case, the democratic parties of *Acción Democrática* (AD) and the *Comité de Organización Política Electoral Independiente*, or COPEI (Christian Democratic Party) by means of a stable interparty competition, strong roots in society, legitimacy among the population, and stable rules and structures would ensure a total hegemony until the 1993 presidential election. The third section will show how a progressive deterioration in the two-party system's effectiveness, efficacy, and legitimacy undermined its previous convocational capacity within the population, which contributed to the emergence of Hugo Chávez as a political phenomenon in 1998.

#### **A. PARTIES AND PARTY SYSTEM**

According to March and Olsen, political institutions are a "collection of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what the obligation of that role in that situation is."<sup>20</sup> In other words, the emergence of such institutions has responded to the human nature of

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<sup>20</sup> March, J. G. and Olsen, J. P., "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review*, v. 78, 1984, p.p. 738-749.



creating collective organizations to foster rational behavior while channeling social, economic, and political needs.

Kathleen Thelen and Sven Steinmo define political institutions in terms of organizations for representing society's interest ranging from formal government structures (legislatures) through legal institutions (electoral laws), and through promoters of common ideological values (political parties).<sup>21</sup> Moreover, in society's constant struggle for engagement with the state, political parties have been one of the most dominant political institutions in the majority of the countries.<sup>22</sup> Political parties have provided for their members and for the society the opportunity to gain office and to influence public policy by controlling offices directly. In one-party communist, fascist or authoritarian regimes, the party structure and government are not easily distinguishable and the role of the opposition parties is very limited or null. In contrast, in democratic regimes, parties are the core institutions through which the people select their leaders from among competing elites, meaning organized groups led by politicians.<sup>23</sup> As Michael Coppedge argues, "no democracy of any size can function without parties."<sup>24</sup>

The structure of individual parties tells only part of the story. The individual parties function within party systems, which in developed countries, tend to be structured

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<sup>21</sup> Thelen, Kathleen and Steinmo, Sven, "Historical Institutionalism in Comparative Politics," in S. Steinmo and F. Longstreth, eds. *Structuring Politics: Institutionalism in Comparative Analysis*, Cambridge University Press, 1992, p.p. 2-4.

<sup>22</sup> Peters, B. Guy, *Institutional Theory in Political Science: The 'New Institutionalism,'* PINTER, 1999, p. 113.

<sup>23</sup> Lipset, Seymour Martin, "What Are Parties for?" *Journal of Democracy*, v. 7.1, 1996, p.p. 169-170

<sup>24</sup> Coppedge, Michael, *Strong Parties and Lame Ducks: Presidential Partyarchy and Factionalism in Venezuela*, (Stanford, Ca, Stanford University Press, 1994), p. 18

and relatively stable, so that if an individual party ceases to exist for some reasons, there may be a replacement that occupies the niche held by the failing party.<sup>25</sup> Therefore, to speak of a party system, at least two parties must exist.

Likewise, the extent to which a party system is institutionalized makes a big difference in the functioning of democratic politics. Where the party system is more institutionalized, parties are key actors that structure the political life, shaping the electoral process and determining who governs. It means that party organizations are not simply expressions of the political desires of charismatic leaders.

Parties in an institutionalized system have strong roots in society and strong identities, which ensures them a significant and fairly stable share of votes stable from one election to the next. In other words, normally there is no electoral surprise, making the victory of political outsiders a rarity. On the contrary, when the party system is less institutionalized, the probabilities of political surprises are higher. As Scott Mainwaring and Timothy R. Scully point out, "where it [a party system] is less institutionalized, parties are not so dominant, they do not structure the political process as much, and politics tend to be less institutionalized and therefore unpredictable."<sup>26</sup>

## **B. INSTITUTIONALIZATION OF THE PARTY SYSTEM IN VENEZUELA**

To analyze how the institutionalization of the Venezuelan party system ensured the political predominance of AD and COPEI in ruling the country, this section is divided

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<sup>25</sup> Peters, p. 115.

<sup>26</sup> Mainwaring, Scott and Scully, Timothy R., eds. *Building Democratic Institutions: Party System in Latin America*, (Stanford, Ca, Stanford University Press, 1995), p. 22.

in three subsections. The first subsection will show the emergence of the traditional parties in Venezuela as an initial stage for the establishment of a limited party system (1936-1958). The second subsection will show the birth of a limited multiparty system, where a pacted democratic transition ensured predominance for AD and COPEI above other political organizations (1958-1973). The third subsection will show how AD and COPEI actions institutionalized the two-party system, transforming it in a "partyarchy" (1973-1988).

### **1. Formation of the Party System (1936-1958)**

The modern Venezuelan party system starts with the end of the Juan Vicente Gómez dictatorship in 1935. The Gómez regime was consolidated around the goal of eliminating all forms of political opposition, and it brought the extinction of all party organizations founded in the nineteenth century.<sup>27</sup> As the only group capable of articulating some form of opposition during the Gómez era, university students, came to constitute the base for the nation's modern political parties. Those of the Generation of 1928, who participated actively in antigovernment demonstrations and managed to escape into exile, were later to become the nation's principal leaders. There were the cases of Rómulo Betancourt, Rafael Caldera, and Raúl Leoni.<sup>28</sup>

Thus, the decade after 1935 witnessed both the conception and birth of mass political parties in Venezuela. Exiles returned to participate actively in the new political

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<sup>27</sup> Rey, Juan Carlos, "La Democracia Venezolana y la Crisis del Sistema Populista de Conciliación," *Revista de Estudios Políticos*, v. 74, 1991, p.p. 533-578.

<sup>28</sup> Library of U.S. Congress, *Venezuela: A Country Study*, (Washington D.C., Federal Research Division, 1993), p. 14.

life by expanding politics and opposition beyond student protest or military uprisings. AD, calling itself the party of the people, acted underground to represent the interest of the dispossessed. It was not until 1941 that Isaías Medina Angarita, beginning a gradual liberalization, eased union and political organizations, which evolved in their legalization. For *Acción Democrática* (AD), the latter came in September 1941.

In 1945, this political opening engendered the first attempt to establish a democratic system when universal and direct elections were held for the first time in Venezuelan political history. This attempt known in Venezuela as the *trienio*, or three years, began with the fall of Medina Angarita in October of 1945 to the overthrow of President Rómulo Gallegos by a military coup in 1948.

During the *trienio*, Venezuela had a one-party-dominant system, with AD as the majority party.<sup>29</sup> It was a multiclass party and thereby obtained a broad base of support. AD also set up trade unions and other social organizations, which were subordinate to the direction of the party.<sup>30</sup> The party itself was vertically integrated, with powerful links “binding block and neighborhood to regional and national structure,”<sup>31</sup> especially in the geographically and socially marginal communities. Links to the party provided welcome sources of orientation, legitimacy, and solidarity, as well as channels for redressing population needs and peasant organization’s clamors.

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<sup>29</sup> Sartori, Giovanni, *Parties and Party System*, Cambridge University Press, 1976, p.p. 192-201

<sup>30</sup> Coppedge, p. 28.

<sup>31</sup> Kornblith, Miriam and Levine, Daniel H., “Venezuela: The Life and Times of the Party System,” in Scott Mainwaring, and Timothy R. Scully, eds. *Building Democratic Institutions: Party System in Latin America*, (Stanford, Ca, Stanford University Press, 1995), p. 22.

This situation ensured AD's success in the three elections held during the trienio, permitting it to consolidate its predominant position. To illustrate, for the National Constituent Assembly (1946), presidential and Congressional (1947), and Municipal Councils (1948) elections AD got 78, 74, and 70 percent of the votes respectively.<sup>32</sup>

The second major party, COPEI, founded in 1946, was tied to the conservative sectors of society with links to the Catholic church, because to that its electoral support came from the Andean region, an area characterized for its conservatism and religiosity.<sup>33</sup> Taking into account that the concentration of population, wealth, and power in the Andes still had enormous influence in the Venezuela political life after *Gomecismo*, the COPEI's possibility of challenging AD were not insignificant. However, these religious and regional cleavages did not reach the same in-depth levels within the populace as AD did because the latter encouraged identification by the poor with its cause by using governmental control of oil revenues to benefit them.<sup>34</sup>

A third party, *Unión Republicana Democrática*, or URD (Democratic Republican Union), competed without great success for the same ideological space as AD during the trienio.<sup>35</sup> However, URD's ambiguous position on political issues and limited organizational success weakened its competitive position in relation to AD.

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<sup>32</sup> Molina, José E. and Pérez, Carmen, "Evolution of the Party System in Venezuela, 1946-1993," *Journal of Interamerican Studies and World Affairs*, v. 7.1, 1996, p. 169.

<sup>33</sup> Levine, Daniel, H., *Conflict and Political Change in Venezuela*, Princeton University Press, 1973, p.p. 32-41.

<sup>34</sup> Baloyra, Enrique and Martz, John D., *Political Attitudes in Venezuela: Societal Cleavages and Political Opinion*, University of Texas Press, 1979, p.p. 46-109

<sup>35</sup> López, Margarita, "Las Elecciones de 1946 y 1947," *Boletín de la Academia Nacional de Historia*, v. 70, (April-June 1987), p. 449.

In all, AD swept the political arena, also pushing rivals into a marginal status. The *Partido Comunista Venezolano*, or PCV (the Venezuelan Communist Party) that had achieved an important level of support of the working class, also suffered the consequence of the strong influence of AD within the population. In addition, PCV's ties to international communism forced it to take positions that damaged its viability.<sup>36</sup>

While AD was fortifying its popular support, however, the political situation in general became unstable, and Venezuela's democratic system suffered its first crisis of governability in 1948. The political parties' lack of consensus, or its desire to achieve it, helped create the climate of instability that was used as an excuse for the military to overthrow the democratic regime.

With the military coup that deposed President Gallegos in November 1948, AD and the PCV were outlawed and their leaders persecuted, jailed, or exiled. *Seguridad Nacional*, or SN (National Security), a large secret police, pursued opponents and ran concentration camp. AD maintained an underground structure throughout the dictatorship. It supported clandestine networks and made several frustrated attempts to assassinate the infamous dictator. Although they opposed the dictatorship, COPEI and URD continued to function openly at first, albeit under strict surveillance.

Thus, the dictatorship of Marcos Pérez Jiménez (1948-1958) was a harsh period in which the parties matured ideologically and the party elites assimilated the lessons of the trienio. The underground organization and the political persecution had two important effects. First, the parties agreed that reestablishing democracy was their common objective, and they created cooperative connections among leaders and followers that

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<sup>36</sup> Kornblith and Levine, p. 48.

eased ideological confrontations. Second, the process of social mobilization that had started in the 1940s with the emergence of political parties progressively intensified during the dictatorship. The *Junta Patriótica* (Patriotic Junta), an underground movement, fostered strong ties between parties and society with the purpose of overthrowing the dictatorship.<sup>37</sup> As proof, in January 1957, the Patriotic Junta convoked a massive demonstration of civilian opposition in downtown Caracas and also a general strike that proved immediately effective. In December 1957, the Patriotic Junta encouraged public outrage over the fraudulent plebiscite, which helped to unify and stimulate more opposition including intramilitary support. This plebiscite, a popular consult aimed to make the dictatorship legitimate, had been a maneuver planned by Pérez Jiménez to perpetuate him in power. This event would encourage several waves of demonstrations, street fighting and military uprisings, which definitively caused the collapse of the dictatorship. Pérez Jiménez fled the country on January 23, 1958 under a tumultuous political and social environment.

## **2. A Limited Multiparty System (1958-1968)**

With the return of democracy in 1958, Venezuela's party system took the form of a limited pluralism. The three parties created before the dictatorship competed with new political movements. During this period, AD and COPEI would hold a sort of shared hegemony where URD progressively saw a decrease in its political leverage. Although URD got 31 percent in the 1958 election (COPEI got just 15 percent), its share of votes declined to 18 percent in 1963, and 12 percent in 1968. In fact, during the three elections

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<sup>37</sup> Library of U.S. Congress, p.p. 22-23.

that were held during this period, AD won in 1958 and 1963, led by Presidents Rómulo Betancourt and Raúl Leoni, respectively, and in 1968, the principal leader of COPEI, Rafael Caldera, won by a narrow margin (7 percent).

Since the beginning of this period, the main political and social organizations formed several social pacts with the objectives of consolidating democracy, establishing guidelines for elite conciliation, and managing consensus.<sup>38</sup> The best-known example of this new political arrangement is the Pact of *Punto Fijo*, signed by the major non-Communist parties, AD, COPEI, and URD in 1958, in which they agreed on a common democratic program to be followed by whichever won the elections that December. On the other hand, on the way to an institutionalization of a party system, political parties encouraged voter participation, making it practically universal. While laws made voting compulsory, the parties' ability to mobilize voters brought participation rates to 92 percent in 1958, 91 percent in 1963, and 94 percent in 1968.<sup>39</sup>

They also agreed to form a coalition to support the government, no matter which of the three parties won. The use of a coalition, led by AD for ten years, strengthened political action, which kept the opposition away from both right and left. The military, in the right, was controlled through successful purges in the officer corps and by means of political strategies to enhance civilian control over military. "Divide and conquer" was the most common of these strategies by increasing decentralization of the nature of command within the armed forces. The Ministry of the Defense was no longer dominant in budgetary, legal and military authority when its monopolist responsibilities were

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<sup>38</sup> Borges, Welkis and Pereira, Valia, "Regularidad y Crisis en la Democracia Venezolana," *Estudios de Coyuntura*, (July-December 1984), v. 8, p. 84.



transferred to the services. In addition, the pacted political provisions in the new Constitution designated the President as the commander-in-chief of the armed forces.<sup>40</sup> In the case of the left, political consensus marginalized it ideologically by spreading within the Venezuelan society anti-Communist feelings generated from abroad.

The election results of this period testify to the incipient multiparty system. For example, although in 1958, AD, COPEI and URD shared 90 percent of the vote, in 1963, the independent candidacy of Arturo Úslar Pietri obtained a relatively high percentage of the vote (16 percent). In 1968, a new party won a significant portion of the vote. *The Movimiento Electoral del Pueblo*, or MEP (Electoral Movement of the Populace), even though it resulted from the most significant split in the AD, received 17 percent. Even the former dictator Marcos Pérez Jiménez got substantial votes that year, as the *Cruzada Cívica Nacionalista* (CCN).<sup>41</sup>

This competition among three or more parties and coalition governments during this period defined the party system as one of limited pluralism.<sup>42</sup> They were parties that had an apparent challenging portion of the presidential votes, which rarely survived two electoral periods. As a matter of fact, after 1968, parties receiving a similar proportion of votes would be uncommon in the Venezuela politics at least until 1993.

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<sup>39</sup> Molina and Pérez, p. 171.

<sup>40</sup> Trinkunas, Harold A., *Crafting Civilian Control of the Armed Forces: Political Conflict, Institutional Design and Military Subordination in Emerging Democracies*, Ph.D. Dissertation, Stanford University, Stanford, Ca, October, 1998, p. 158.

<sup>41</sup> Kornblith and Levine, p.54.

<sup>42</sup> Sartori, p. 179.

The political inconsistency of these parties, in contrast to AD and COPEI, typically was caused by having weak organization and fragile support bases consisting of independent urban voters. In addition, the left, as a significant political representative in other countries, such as Cuba, and Chile, disappeared from electoral competition when its most extreme sectors staged an unsuccessful attempt to overthrow the government with guerrilla warfare during the 1960s. The remaining parties would contribute to marginalize the left by avoiding coalitions with it in the name of preserving and consolidating the democratic system. This effect of political marginalization of the socialist left in combination with its military defeat marked an ideological change toward the center.<sup>43</sup>

In all, this period witnessed the extension and consolidation of partisan loyalties. As the democratic system was reestablished, the stability of the regime in power greatly depended on its capacity to generate popular support. Together with the growth of democratic indoctrination, this backing was won in exchange for material satisfaction, which was channeled through the political parties. Moreover, though AD and COPEI had previously penetrated the rural zones, now they broadened their reach throughout the country. The two parties worked actively to develop affiliations, taking advantage of their participation in government to build clientelist networks. Once party loyalties crystallized in the cities, anti-party movements and weak parties largely lost their support among previously independent voters.

On the other hand, in spite of the significant oil resources that flowed into government hands, many of the public's needs went unfilled. Discontent over government

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<sup>43</sup> Alvarez, Angel, *Estrategias de Propaganda Electoral*, Universidad Central de Venezuela, Caracas, 1994, p. 17.

inefficiency and ineffectiveness became a constant theme in Venezuelan politics and a continual drain of support from the governing party. However, the discontent was minor enough that it resulted in an alternation in power between AD and the COPEI rather than a permanent rejection of either party. For example, in 1963, at the end of its first presidency, AD's vote share decreased by more than 16 points in parliamentary elections as well as presidential voting.<sup>44</sup> In the elections of 1968, at the end of its second administration, AD's vote percentage continued to drop, which undoubtedly benefited the COPEI. Thus, COPEI would become a truly national party with a universal profile like that of AD, particularly after 1973 with the advent of the two-party system. COPEI won backing from anti-AD sectors, supporters of the old regime, and people disaffected by the actions of the AD government.<sup>45</sup>

### **3. The Consolidation of the Two-Party System or "Partyarchy" (1973-1988)**

The election of 1973 marks a definitive institutionalization of the Venezuelan two-party system. From 1973 to 1988, the system was characterized by the electoral dominance of AD and COPEI. The concentration of votes among the potential winners, encouraged by single-round presidential voting and simultaneous congressional elections, benefited the two major parties, even though the legislative contests were decided by proportional representation.<sup>46</sup>

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<sup>44</sup> Molina and Pérez, p. 172.

<sup>45</sup> Herman, Donald, *Christian Democracy in Venezuela*, University of North Carolina Press, 1980, p. 31.

<sup>46</sup> Shugart, Matthew and Carey, John, *Presidents and Assemblies: Constitutional Design and Electoral Dynamics*, Cambridge University Press, 1992, p. 54.

Although competition between parties remained high in later years, political fragmentation suddenly disappeared. The share of presidential votes going to other parties different from AD or COPEI dropped from 43 percent in 1968 to 15 percent in 1973. An almost insignificant minority presence was maintained by organizations on the left, of which the *Movimiento al Socialismo* (MAS) was the largest.<sup>47</sup> The electoral exclusion and political and ideological defeats of the socialists had greatly reduced the left's possibility of being an equally strong third political force.<sup>48</sup>

Expressed in the words of Michael Coppedge, in Venezuela, after the 1973 presidential elections, a "partyarchy" was established in which "political parties monopolize the formal political process and politicize society along party lines."<sup>49</sup> For this purpose, AD and COPEI would establish strong roots in the society, encourage a widespread democracy, establish stable rules and structures, and support a stable party interparty competition.<sup>50</sup>

Thus, AD and COPEI represented all groups in society, establishing strong roots in the society. The card-carrying membership of both parties was larger (up to 31 percent of total voters) than party membership in any other country in Latin America. The non-members at least were sympathizers, which was demonstrated in the share of votes during the presidential and legislative elections held in that period. As proof of that fact, these two parties shared about 80 percent of the legislative vote and 90 percent of the

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<sup>47</sup> Molina and Pérez, p. 173.

<sup>48</sup> Silva Michelena, José, and Sonntag, Heinz, *El Proceso Electoral de 1978: Su Perspectiva Histórica Estructural*, Ateneo de Caracas, 1979, p.p. 43-44.

<sup>49</sup> Coppedge, p. 18.

presidential vote, even though dozens of other parties appeared on the ballot.<sup>51</sup> The party structure reached almost the entire country, where headquarters for both AD and COPEI were established in almost every town of the country. Likewise, about 80 percent of the peasant federations and 60 percent of the labors union were controlled by leaders from AD.<sup>52</sup>

Likewise, this "partyarchy" encouraged a widespread legitimacy within the population. Those that were not affiliated with this bipartisan establishment would always recognize it as the legitimate instrument for deciding who would rule the country. Electoral campaign and elections by itself were never a threatening environment for the population. In contrast, they were considered as civic festivals with duration oscillating between one and two years. At that time, seeing countless parades, car caravans, and open-air meetings, especially in the weeks close to the election date was very common.

Moreover, AD and COPEI adopted and imposed stable rules and structures, which ensured a loyalty and obedience from their members. Militants at all levels of the party organization risked expulsion if they disobeyed decisions taken within the directorate of the party. As a result, senators and deputies, state legislators, and members of municipal councils frequently kept the "party line," which favored AD and COPEI absolute control during the processes of decision-making and policymaking. Likewise, politicized members of professional associations, student governments, peasant federations, state enterprises, and foundations were controlled in the very interest of the

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<sup>50</sup> Coppedge, p. 19.

<sup>51</sup> Molina and Pérez, p. 173.

party. For example, labor leaders abstained from calling strikes when their party was in power.

AD and COPEI stabilized the two-party system by means of consensus and consultation. The leaders of both parties made a habit of consulting not only each other, but also with leaders of other political and social organizations concerning policy-making process or whatever controversial issue arose. For instance, when the policies regarding defense, foreign affairs, and oil industry were not the result of consensus, then they were at least shaped by consultation. In this way, interparty conflicts were kept at a minimum.

Likewise, the parties built good working relations by using state resources to co-opt other strategic actors as the military and the private sector. In exchange for not intervening in political issues, the AD and COPEI governments rewarded the armed forces with high salaries, ambitious educational programs, frequent promotions, and expensive equipment. Concerning the private sector, although some associations, such as *the Federación de Cámaras y Asociaciones de Comercio y Producción*, or FEDECAMARAS, *Consejo Nacional de Comercio*, or CONSECOMERCIO, and *Consejo Venezolano de Industria*, or CONINDUSTRIA often criticized government policies, they became highly dependent upon subsidies, low taxes, and protective tariffs.<sup>53</sup>

In this way, AD and COPEI, whoever was ruling, created conditions for a very stable governability for fifteen years. Both parties, by means of an enhanced capacity to bargain with other parties and strategic actors, in combination with a large, popular,

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<sup>52</sup> McCoy, Jennifer, *Democratic Dependent Development and State-Labor Relations in Venezuela*, Ph.D. Dissertation, University of Minnesota, MI, 1985, p. 43.

tightly discipline, developed a high degree of influence over almost all levels of the state.<sup>54</sup>

### **C. DEINSTITUTIONALIZATION OF THE PARTY SYSTEM**

To analyze how a progressive deinstitutionalization of the two-party system undermined its capacity to monopolize voter's preference, this section is divided in two subsections. The first subsection will show how a progressive deterioration in the two-party system's effectiveness, efficacy, and legitimacy fostered a popular backlash to the political establishment, endangering the stability of the democratic regime. The second subsection shows how the discredited status of the traditional party system encouraged political fragmentation and the presidential election of political outsiders.

#### **1. The Beginning of the Two-Party System's End (1988-1993)**

The ineffectiveness and inefficacy of AD and COPEI governments between 1973 and 1988, and a growing economic crisis led to the progressive lack of legitimacy of the dominant political parties. By 1989, the Venezuelan economy could no longer support the high rates of subsidies and the increasing foreign debt burden, particularly in light of the nearly 50 percent reduction in the price of oil during 1986.<sup>55</sup> This was reflected in levels

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<sup>53</sup> Crisp, Brian, "Lessons from Economic Reform in the Venezuelan Democracy," *LARR*, v. 33, No. 1, 1998, p. 23.

<sup>54</sup> McCoy, Jennifer and Smith, William, C., "Democratic Disequilibrium in Venezuela," *Journal of Interamerican Studies and World Affairs*, v. 37, No. 2, (Summer 1995), p. 5.

<sup>55</sup> Karl, Terry L., *The Paradox of Plenty: Oil Booms and Petro-States*, (Berkley, Ca, University of California Press, 1997), p. 38.

of electoral participation, which declined from 97 percent in 1973 to 88 percent in 1978, 87 in 1983 and 82 percent by 1988.

However, the real breakdown of the party system occurred when Carlos Andrés Pérez tried to reverse this pattern of declining economic performance by implementing neoliberal economic policies. Price increases led the public to riot and loot in major urban areas. Weak social systems and increases in the costs of living struck the populations severely. Socially and economically, Venezuelans saw little fulfilling their expectations, despite Venezuela's enormous oil industry potential. Furthermore, to worsen this lack of legitimacy both in the eyes of the general population and the military, the armed forces were used to control these riots, and approximately one thousand people died.<sup>56</sup> Part of the armed forces would never forget that they turned their arms against the population while supporting an illegitimate government. In 1992, some military factions would again raise their arms, but now against the government by means of two coups d'état attempts in 1992.

Fortunately for the democratic regime, both military uprisings failed. The pro-democratic "hierarchical" part of the armed forces—high military command—had preserved the regime when they opposed the "non-hierarchical" dissident group of some generals, colonels, majors, and lieutenants.<sup>57</sup> Later, the effects of the government's lack of legitimacy within the Venezuelan society would produce more pacific outcomes.

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<sup>56</sup> Linz, Juan J., *The Breakdown of Democratic Regimes, Crisis, Breakdown, and Reequilibration*, The Johns Hopkins University Press, 1978, p. 17.

<sup>57</sup> Linz, Juan J. and Stepan, Alfred, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, The Johns Hopkins University Press, Baltimore and London, 1996, p. 5.



President Carlos Andrés Pérez was replaced by means of unquestionable democratic procedures in 1993 (impeachment).<sup>58</sup>

## **2. The Presidential Victory of Chávez and the End of "Partyarchy" (1993-1998)**

The progressive lack of legitimacy of the traditional parties would continue having a negative effect on the Venezuelan political system. From a situation of almost absolute two-party dominance between 1973 and 1988, the country shifted in 1993 to a clearly multiparty electoral panorama.<sup>59</sup> The vote in 1993 was evenly divided among four options, constituted by five parties: AD (23 percent), COPEI (23 percent), *La Causa Radical* or LCR (21 percent) and the coalition *Convergencia Nacional*, or CN and MAS (a combined 25 percent). Also, this election was characterized by high levels of abstentionism with 60 percent of registered voters, down from 82 percent in 1988. The decline in turnout in national elections had already been evident in the state and local elections of 1989 and 1992.<sup>60</sup>

New elections in December 1993, for president, Congress, and state assemblies, resulted in the election of Rafael Caldera, a former president and founder of COPEI. However, this did not imply a return to the status quo of two-party system. Caldera, who had broke with his party, ran as an independent, supported by a political coalition formed by MAS, *Convergencia Nacional*, or CN, and a group of 16 smaller parties. Campaigning

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<sup>58</sup> Loveman, Brian and Davies, Thomas M., Jr., *Che Guevara, Guerrilla Warfare*, Third Edition, Scholarly Resources Inc., Wilmington, DE, 1997, p. 227.

<sup>59</sup> Molina, José and Pérez, Carmen, "Venezuela: Un Nuevo Sistema de Partidos? Las Elecciones de 1993," *Cuestiones Políticas*, v. 13, 1994, p.p. 63-90.

<sup>60</sup> Molina and Pérez, 1996, p. 174.

on at platform of anti-corruption, anti-poverty, and a revision of the neoliberal reforms, Caldera attempted to create within the populace an image of independent from the *Punto Fijo* system.

Thus, the 1993 elections confirmed the progressive popular backlash toward a two-party dominant system, as the votes for AD and COPEI together lost indisputable primacy in past periods. Both parties, which had accounted for 75 percent of the vote in congressional elections from 1973 through to 1988, found themselves sharing a total of no more than 55 percent in 1993. Moreover, the two traditional parties having shared 85 percent of the presidential vote between 1973 and 1988 won only 47 percent in 1993. Likewise, the introduction of uninominal congressional districts for 1993—a system by which candidates ran on their own name, rather than as a head of a party—combined with the antiestablishment protest vote, had produced a Congress composed of four dominant political forces instead the traditional AD-COPEI domination.<sup>61</sup>

On the other hand, the high degree of political fragmentation, in addition to a widespread rejection of the old establishment, encouraged the emergence of political outsiders in form of organizations or individuals.<sup>62</sup> The anti-establishment groups *Patria Para Todos* or PPT and the *Movimiento Bolivariano Revolucionario 200* or MBR200 were examples of this situation. Both movements once transformed in legal political parties would become the political platform of Hugo Chávez Frías, a former lieutenant colonel, who had led the abortive coup of February, 4<sup>th</sup> 1992.

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<sup>61</sup> Molina and Pérez, 1996, p. 175.

<sup>62</sup> Sartori, p. 132.

Caldera's first year and a half in office was spent in crisis management, trying to reconcile the promises of social equity with the constraints imposed by scarce resources. However, contrary to what the populace expected, his administration was marked by ambiguity and contradictions, on both political and economic issues. As proof, the banking system collapsed, poverty rates grew to over 50 percent, inflation hovered 30 percent, while oil prices plunged. This situation boosted the populace's previous negative reactions toward traditionally strong parties. In a poll taken in August 1993, two thirds of 1,500 respondents took an unfavorable view of the AD while half disapproved of the COPEI. The political parties were seen as the most corrupt of all national institutions.<sup>63</sup>

In another poll taken the same year, although the populace remained faithful to democracy, trust in political institutions fell to very low levels. From a sample of 1,500, respondents declared much or some confidence in political institutions as follows: the judiciary (34 percent), Congress (30 percent), the executive (29 percent), and political parties (31 percent). In contrast, confidence was high for the Catholic church (71 percent), universities (65 percent), and the army (53 percent). When asked who was to blame for the crisis, the answers were politicians (89 percent), democracy (1 percent), both (9 percent), or neither (1 percent).<sup>64</sup>

In another national survey, also with a sample of 1,500, conducted in the beginning of the following year, respondents were asked, "In view of the last 35 years of democracy, are you *very happy* with this system, *somewhat happy*, or *should it be replaced by another system*?" The answers were *very happy* (16 percent), *somewhat*

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<sup>63</sup> McCoy and Smith, p.p. 139-140.

happy (61 percent), it should be replaced by another system (23 percent). Of the last, 33 percent stated that they would replace the current democracy with a better democracy.<sup>65</sup> These response levels accord with findings from other surveys that have asked similar questions.<sup>66</sup> By July 1994, it was not surprising that some 29 percent of Venezuelans justified the military uprising by Hugo Chávez, already released and pardoned by Caldera.

Thus, since Chávez was never convicted, he took advantage of both his increasing popularity, and the already weakened Venezuelan party system to participate in the 1998 electoral process. Chávez built an impressive political campaign to discredit what was left of the *puntofijismo*. Through his party, the Movimiento Quinta República, or MVR (Fifth Republic Movement), Chávez promised to carry out revolutionary changes by eradicating the traditional political parties, writing a new constitution, and addressing the need for the poor.

In this setting of the public's widespread disillusionment with the two traditional parties, Chávez benefited the most of all the candidates. Chávez's popular support dramatically increased from an initial 6 percent in June 1998 to 39 percent of the voters polled by August 1998, just three months before the elections.<sup>67</sup>

Furthermore, Chávez was helped by the maneuverings of the traditional parties during the campaign, which contributed to undermining the attractiveness of other

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<sup>64</sup> Molina and Pérez, p. 176.

<sup>65</sup> Instituto Interamericano de Derechos Humanos, and Instituto de Estudios Políticos, *Encuesta IIDH/IEPDP*, Mimeograph Version, Maracaibo, 1994.

<sup>66</sup> Torres, Arístides, "La Evolución de las Actitudes hacia el Sistema Político Venezolano," in *Venezuela, Democracia y Futuro*, Comisión Presidencial para la Reforma del Estado, Caracas, 1991, p. 174.

<sup>67</sup> McCoy, p. 70.

“outsider” candidates. Realizing that they were no longer attractive to the electorate, AD and COPEI started “to be a winner” by backing non-partisan candidates with high popular support. For example, the 1998 campaign began with the former Miss Universe, Irene Sáez Conde, and the later dissident AD leader Claudio Fermín leading the pack.<sup>68</sup> COPEI, seeing in Sáez a potential winner with a strength of 40 percent in the polls, endorsed her. But unfortunately, once the electorate realized that Sáez’s support was provided by a *puntofijista* party, her popularity declined. On the other hand, although Fermín unlinked himself from a traditional party, his popularity began to decline because voters still associated him with the old establishment. AD, without having a candidate with electoral attractiveness, provisionally appointed its president, José Alfaro Uceró, in order to avoid an internal split. Later, as a desperate move, the AD would disregard him by offering support to Henrique Salas Römer, a popular Yale-educated former governor of Carabobo state, who had accumulated 21 percent in the polls. So did COPEI. However, Salas Römer, realizing how discredited both parties were, stepped back.

By November 1998, the polls confirmed that the presidential contest was a two-way race between Chávez, who was 6 to 12 percent ahead in the lead, and Salas Römer, with a steady 38 percent. The traditional parties’ candidates, suffering from weak public support, were trailing far behind with only 3 to 7 percent. Surprisingly or not, Chávez won the election with a significant majority. As Jennifer McCoy points out:

The Venezuelan people had voted, peacefully but definitively, for change. The final tally showed that Chávez had won by more than a

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<sup>68</sup> McCoy, Jennifer “Chávez and the End of ‘Partyarchy’ in Venezuela,” *Journal of Democracy*, v. 10.3, 1999, p. 66.

million votes over his nearest rival, carrying 20 of 23 states, and winning 56 percent of the vote (Salas Römer finished with 40 percent).<sup>69</sup>

For the Venezuelan political history that meant the end of a long-standing two-party hegemony since the Pact of Punto Fijo. AD and COPEI together, having dominantly received impressive figures in past presidential elections (93 percent in 1988), received just 11 percent of the presidential votes in 1998.

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<sup>69</sup> Ibid.

### **III. THE ECONOMIC DIMENSION OF HUGO CHAVEZ FRIAS' PRESIDENTIAL VICTORY**

The institutionalization and deinstitutionalization of any party system is closely linked to the parties' ability to govern effectively, particularly in the economic sphere. In Venezuela, during the last four decades, the availability of significant oil had ensured a solid governability for democratically elected candidates of the AD and the COPEI. This contributed to the institutionalization of a party system. Likewise, the pacted nature of the Venezuelan democratic transition had facilitated the unanimously political adoption of a model of economic development characterized by increasing social spending while subsidizing and protecting local industry.

However, the civilian uprisings of February 1989 and the two military coup attempts of 1992 were unequivocal signs that something was wrong. The same political class that Venezuelans had once trusted to lead the country along a path of economic and social equity, did exactly the opposite. The Venezuelan leadership's increasing inability to address economic and social populace's needs coupled with high levels of mismanagement, corruption, and patrimonialism progressively undermined legitimacy of the democratic regime. As a result, there were several outcomes related to popular rejection toward traditional parties, ranging from increasing levels of electoral abstention to unusual voter support to political outsiders. In fact, Hugo Chávez, a political novice, would eventually win the presidential elections in 1998.

To demonstrate why the poor economic performance contributed to the deinstitutionalization of the party system and opened the "window of political

opportunity” for outsiders, this chapter is divided in three sections. The first will show how parties could initially use state resources to solidify their ties to the population and their hold on power. Also, it will show how, over time, the adoption of a rentier model for economic development would encourage state intervention by using oil rents to subsidize non-oil activities rather than to adopt genuine policies of development.

The second section will focus on the oil booms of the 1970s and 1980s. By analyzing both booms, it will show how the political class mismanaged enormous oil revenues with mistaken economic policies while creating the illusion of economic development. To illustrate, although the state took in \$240 billion (U.S.) in oil revenues between 1974 and 1999, the poverty level rose from 33 percent to 70 percent in the same period.<sup>70</sup> This situation, in combination with widespread pernicious corruption and patrimonialism within the political elite, would provoke a profound backlash within the populace, and a generalized social discontent toward traditional parties.

The third section focuses on Carlos Andrés Pérez and Rafael Caldera’s failed efforts to deal with the economic crisis by reducing the government role in the economy while fostering market-oriented reforms. This section argues that CAP was unable to address the crisis because of the very institutionalization of the party system. The strong parties and their allies in labor and manufacturing blocked reforms when they attacked their privileges. In the case of Caldera, this section argues that although political promises were made to reverse the economic stalemate, the retake of an economic model that relied on oil rents frustrated Venezuelan’s expectations that its social and economic needs were

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<sup>70</sup> Miller, Juan A., “La Pobreza del Estado Petrolero,” *El Universal*, Opinión, 02/22/00.



fulfilled. The unaddressed economic crisis and the inability of leaders to carry out reforms would undermine the support for traditional parties.

## A. ECONOMIC SUBSIDIES AND CONSOLIDATION OF THE INSTITUTIONALIZED PARTY SYSTEM

### Period 1958-1973

In 1958, *Acción Democrática* or AD (the Social Democratic Party), the *Comité de Organización Política Electoral Independiente* or COPEI (the Social Christian Party), and the *Unión Republicana Democrática* or URD (the Democratic Republican Union), established the Pact of *Punto Fijo*.<sup>71</sup> These three principal political parties agreed to support oil led-development, increase social spending, protect and subsidize the local industry and enlarge the state's jurisdiction in matters of production and social welfare.<sup>72</sup> In another pact written during the weeks before the 1958 elections, known as the "Declaration of Principles and Governing Program," AD, COPEI, and the URD agreed on more specific matters regarding the economy. In what amounted to guarantees to the foreign and local business communities, the parties agreed to respect the principles of capital accumulation and the sanctity of private property. Local industry, furthermore, was guaranteed government measures to protect it from foreign competition as well as subsidies through the state-run *Corporación Venezolana de Fomento*, or CVF

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<sup>71</sup> McCoy, Jennifer and Smith, William C., "Democratic Disequilibrium in Venezuela," *Journal of Interamerican Studies and World Affairs*, v. 37, No 2, (June 1995), p. 113.

<sup>72</sup> Karl, Terry L., *The Paradox of Plenty: Oil Booms and Petro-States*, (Berkeley, Ca, University of California Press, 1997), p. 99.

(Venezuelan Development Corporation.) With respect to agrarian properties, any expropriation or transfer of title would provide for compensation to the original owner.<sup>73</sup>

Having inherited an empty treasury and enormous unpaid foreign debts from the Pérez dictatorship, Betancourt nevertheless tried from the beginning to return the state to fiscal solvency. He also managed to continue the effort, begun during the 1930s by President Isaías Medina Angarita of "sowing the oil" by initiating a variety of reform programs, the most important of which was agrarian reform. Land reform was aimed not only at addressing peasant's social complaints, but also to reversing Venezuela's prolonged decline in agricultural production. Ultimately, however, this reform was ineffective because it distributed only unproductive private properties and public lands of any size, even large estates, which never reached optimal points of production.<sup>74</sup>

On the other hand, due to the persistence of rock-bottom petroleum prices throughout his presidency, Betancourt started to borrow significantly at home and abroad in order to finance ambitious development projects.<sup>75</sup> However, instead of fostering economic policies to incorporate the populace in the development process, he just subsidized welfare projects to compensate the poor for deficits in such areas as food, housing and health care.<sup>76</sup> Paradoxically, the peasantry, the poorest sector of the population, was the less favored of these social projects, which were mostly concentrated

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<sup>73</sup> Hellinger, Daniel, "Democracy Over a Barrel: History through the Prism of Oil," *NACLA Report on the Americas*, v. 27, No. 5, p.p. 35-42.

<sup>74</sup> Library of U.S Congress, p. 24.

<sup>75</sup> Ewell, Judith, *Venezuela: A Century of Change*, (Stanford, Ca, Stanford University Press, 1984), p. 181.

in major cities. For this reason, land workers, looking for better conditions of life, increased the migration to the urban areas.<sup>77</sup>

Economic growth averaged a healthy 5.5 percent annually during Raúl Leoni administration (1964-1969), aided by a recovery in petroleum prices and the relative political tranquility. Leoni kept the Betancourt reform programs on course and also introduced a number of impressive infrastructure projects designed to open up the nation's interior to agricultural and industrial development. Some regional integration efforts advanced, although Venezuela remained outside the newly-created Andean Common Market (ANCOM) in response to objections from the local business community, which feared competition from lower-priced goods manufactured in neighboring countries.<sup>78</sup> The economic advantages and benefits for participating in the foreign market still had to wait.

In 1969, the major concerns of the just-inaugurated Rafael Caldera were not unlike those of his two predecessors. He concentrated efforts on agrarian reform and increased farm production, the improvement of educational and social welfare benefits, the expansion and diversification of industrial development, and progress toward local control of the petroleum industry.

On the other hand, in order to reverse mistaken foreign policies in the economic arena, President Caldera led Venezuela to entry into ANCOM upon signing the 1973

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<sup>76</sup> Gillis, Malcom, and others, *Economics of Development*, (New York, N.Y., W.W. Norton & Company, 1996), p. 94.

<sup>77</sup> Lombardi, John V., *Venezuela: The Search for Order, The Dream of Progress*, Oxford University Press, 1982, p. 236.

<sup>78</sup> Library of U.S. Congress, p. 34.

Consensus of Lima. By joining ANCOM, Venezuela emphasized the importance of foreign investment not only in the Caribbean area, but also in Central and South America.<sup>79</sup>

However, even though Caldera increased the tax rate on the petroleum companies (from 50 to 70 percent by 1971),<sup>80</sup> these additional funds were used for subsidies to bolster support for his government and his party instead of activities for developing the economy of the country.

Thus, Venezuela would not be able to reach the third phase of import-substitution industrialization, where the growth and diversification of agriculture must accompany the development of the industry.<sup>81</sup> On the contrary, the agricultural sector was neither capable of supplying the domestic market, nor developing enough to produce for export, remaining technologically and socially backward.

On the other hand, as a result of a pernicious relation between the economic and political elites, the wealthy groups, either foreign or domestic, were unfairly favored in economic participation and competition, which exaggerated strong tendencies toward foreign penetration and oligopoly. This pattern, characterized by awarding a privileged economic class with selected import licenses, tariff, and credits, barred the participation of new entrants into a sector, limiting the number of firms receiving protection and thereby contributing to the maintenance of economic concentration.<sup>82</sup>

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<sup>79</sup> Library of U.S. Congress, p. 35.

<sup>80</sup> Hellinger, p. 40.

<sup>81</sup> Alexander, Robert J., "The Import Substitution Strategy of Economic Development," *Journal of Economic Issues*, v. 1, (December 1967), p.p. 124-125.

As seen so far, the lack of coherent economic policies, as well as the patrimonialist and protectionist governing of Venezuela, stopped any real economic development during this period. Petroleum exploitation encouraged a national consensus on state intervention through the emergence of a capital-intensive and anti-agrarian economic model based on the distribution of oil revenues to subsidize non-oil activities rather than to establish suitable policies of development.

This economic panorama eroded Venezuelans' hope to see a real economic awakening, which could have fulfilled their expectations. On the contrary, the policymakers just converted Venezuela into a highly oil-dependent country.<sup>83</sup>

## **B. THE OIL BOOMS OR "EASY COME, EASY GO"**

As Terry Lynn Karl points out, there is a paradox among oil-rich countries. Having the exceptional opportunity of managing large amount of revenues in a productive way, governments tend to use the "easy-money" only to create illusions of development.<sup>84</sup> Venezuela is not the exception. Despite experiencing favorable external condition (two oil booms) boosted by sudden increases of international oil prices, Venezuela never reached the level of an industrialized country. Venezuelans would never forget this fact, which eventually caused profound disenchantment against the political class. During the 1970s and 1980s, growing segments of the population started to feel the effect of misguided economic policies and began to turn away from the political system. For the

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<sup>82</sup> Karl, p. 163.

<sup>83</sup> Karl, p.73.

large segments of the public amidst plentiful government spending and apparent economic health fueled by the oil booms of the 1970s and 1980s. Irresponsible spending during this period, however, caused the economic crisis that destroyed the institutionalized party system in the 1990s.

### 1. 1973 Oil Boom

By means of a brilliantly orchestrated campaign, Carlos Andrés Pérez captured the attention of the voters, who saw him as a vigorous and eager candidate unmatched by any Venezuelan politician. His famous slogan *Democracia con Energía* (Democracy with Energy) highly impacted the populace, especially in the unpaved *barrios*.<sup>85</sup> However, in addition to the collective satisfaction with the results of the 1973 election, Venezuela had still another reason to be euphoric at the dawn of 1974. The October 1973 Arab-Israeli War had triggered a quadrupling of crude oil prices in a period of only two months, representing an increase in the price of a barrel of oil from \$2 to \$10.90 (more than 419 percent). Of course, this favorable economic situation brought new aspirations of prosperity, national greatness, equity and autonomy.<sup>86</sup> But in reality, this surplus exacerbated "all sorts of illusions and expectations that proved to be the basis for many policy mistakes."<sup>87</sup> Thus, when Carlos Andrés Pérez assumed the presidency in February

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<sup>84</sup> Karl, xiv.

<sup>85</sup> Karl, p. 116.

<sup>86</sup> Karl, p. 3

<sup>87</sup> Naim, Moisés, "Latin America: The Second Stage of Reform," *Journal of Democracy*, v. 5, (October 1994), p. 42.

1974, he was immediately faced with the seemingly enviable task of managing a windfall of unprecedented proportions.

Through an ambitious economic plan called *La Gran Venezuela* (The Great Venezuela), Pérez started to deal with poverty through price controls, income increases, employment creation, and social services. The government founded a number of state-owned enterprises and invested in major infrastructure. It also nationalized basic industries, especially petrochemicals, aluminum, and steel.

All of these attempts were applied with the firm purpose of boosting the economy. But at that time, the “Dutch Disease”—the decline in profitability of traded goods stemming from an overvalued exchange rate created by oil booms—had already caused severe problems for the rest of the economy related to the foreign exchange inflow and its possible negative effects.<sup>88</sup> As Jennifer McCoy and William C. Smith argue:

Sharp price shocks plus the subsequent massive inflow of foreign exchange led to a significant appreciation of the (already overvalued) local currency came (sic) together to exert a drastic impact on different sectors of production.... Despite the president's pledge of ‘sowing petroleum’ by investing the huge windfall to boost the productivity of the rest of the economy, it proved impossible to control the inflow of foreign exchange, much less to manage it wisely.<sup>89</sup>

By 1974, President Pérez had put aside his promised intention to “manage abundance with the mentality of scarcity,” and embarked on a spending spree designed to distribute Venezuela's oil wealth among the citizenry. Price controls that subsidized the public consumption of food and other commodities were introduced. Ruling by decree,

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<sup>88</sup> Looney, Robert E., “Real or Illusory Growth in an Oil-Based Economy: Government Expenditures and Private Sector Investment in Saudi Arabia,” *World Development*, v. 20, No. 9, 1992, p. 1367.

<sup>89</sup> McCoy and Smith, p. 126.

Pérez authorized wage increases that allowed Venezuelan workers to buy goods that they otherwise could not have afforded.<sup>90</sup> Thus, in combination with foreign exchange controls that subsidized imports, the Venezuelan population was able to purchase enormous quantities of "Japanese stereos and televisions, German automobiles and cameras and clothing, and processed foods from the United States."<sup>91</sup> But in reality, the rent component of salaries remained fairly steady, despite high government revenues and foreign borrowing.<sup>92</sup> Likewise, government subsidies assumed a variety of other forms as well. For example in 1974, \$350 million (U.S.) in debts owed to state agencies by the Venezuelan farming community were simply cancelled.

The Pérez administration initiated various other populist programs to spur employment. The 1974 Law of Unjustified Dismissals made it quite difficult for employers to fire workers and mandated ample severance payments to those who did lose their jobs. Public employment doubled in five years, reaching 750,000 by 1978. Although unemployment levels dropped precipitously, Venezuelans' traditional contempt for hard work increased, leaving many necessary jobs either unfilled or filled by a growing number of undocumented or illegal immigrants from Colombia and Brazil.<sup>93</sup>

Even though these subsidy and employment programs theoretically sought to improve the lot of the poor, in fact, the actual outcome was that a significant portion of the population continued to live in a state of misery. Income distribution was less

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<sup>90</sup> Baptista, Asdrúbal, "Gasto Económico, Ingreso Petrolero y Distribución del Ingreso: Una Nota Adicional," *Trimestre Económico*, v. 52, No. 1 (Jan-Mar 1988), p. 232.

<sup>91</sup> Library of U.S. Congress, p. 32.

<sup>92</sup> Baptista, Asdrúbal, and Mommer, Bernard, "Renta Petrolera y Distribución Factorial del Ingreso," in Hans-Peter Nissen and Bernard Mommer, eds. *Adiós a la Bonanza?* Caracas, 1989, p.p. 25-27.



equitable in 1976 than it had been in 1960, and one study found that fully 40 percent of the population nationwide were ill-fed and undernourished. This contrast of widespread poverty amidst urban development and the conspicuous consumption of the middle and upper classes was particularly damaging to Pérez, who had been elected with a public image as a "friend of the people."<sup>94</sup>

At this point, the rentier economic model associated with an explicit state interventionism had taken full dimension. As Steve Ellner explains:

...the [Venezuelan] rentier framework depicts a paternalistic state that funnels oil money into a multiplicity of sectors to alleviate social tension and political conflict, but without establishing criteria of any sort... the [Venezuelan] rentier state subsidizes diverse industries with oil rent money in such a way that the price of goods does not reflect their true value... the [Venezuelan] state has appropriated oil rent in its totality, a windfall utilized less for social programs than to keep local currency overvalued and avoid rigorous tax collection....<sup>95</sup>

The government continued, as it had been doing for nearly four decades, to put a large portion of its petroleum revenues into building an industrial base, with the objective of generating future income after the nation's oil reserves had been depleted. With massive amounts of money to spend, emphasis was now placed on large-scale, high-technology infrastructure and industrial development projects. Thus, by way of special powers granted by Congress, Pérez channeled the petrodollar flood into the grandiose Fifth National Plan—conceived during the mid-1970s and scheduled to become operative in 1977, which called for some \$52.5 billion (U.S.) in investments over a five-year

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<sup>93</sup> Library of the U.S. Congress, p. 33.

<sup>94</sup> Ibid.

<sup>95</sup> Ellner, Steve, "Recent Venezuelan Political Studies: A Return to Third-World Realities," *Latin American Research Review*, v. 32, No. 2, 1997, p. 210.

period. The centerpiece of this state-directed program of industrial development was the massive industrial complex at *Ciudad Guayana*. Located near major deposits of iron and other raw materials in the vast Guyana highlands, the complex was placed under the supervision of the *Corporación Venezolana de Guayana* or CVG (Venezuelan Corporation of Guyana). Ciudad Guayana was developed during the early 1960s as an effort to decentralize industrial development away from Caracas. The government erected modern, large-scale aluminum and bauxite refineries and massive hydroelectric projects with a vision of converting the Orinoco Basin into a Venezuelan Rhineland.<sup>96</sup>

But all of these attempts in expanding social services and supporting the energy and metallurgical industries crashed because they were created under the assumption that the rising oil prices would boost government revenue throughout the 1970s. Instead, Venezuela's oil income leveled off in 1976 and began to decline in 1978 provoking serious macroeconomic disequilibria.<sup>97</sup>

Foreign commercial banks, especially U.S. banks, awash with petrodollars deposited by other OPEC nations, provided loans to make up the shortfall so that Venezuela's development programs could proceed on schedule.<sup>98</sup> But as a negative result, new economic groups and individuals belonging to the privileged circle of the "President's Men" took advantages of this "easy money," and accrued vast fortunes,

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<sup>96</sup> Ellner, p. 211..

<sup>97</sup> McCoy and Smith, p. 116.

<sup>98</sup> McCoy, Jennifer, "The Politics of Adjustment: Labor and The Venezuelan Debt Crisis," *Journal of Interamerican Studies and World Affairs*, v. 28, (Winter 1986-87), p.p. 103-138.

frequently based upon real-estate speculation, commissions and massive corruption. Pérez himself may have become one of the richest men in the hemisphere.<sup>99</sup>

Likewise, the international banks saw oil-rich Venezuela as an excellent credit risk while, on the other hand, the autonomy of Venezuela's state firms allowed them to borrow excessively, independent of central government accounting. To expedite their receipt of this external financing, the autonomous entities opted for mainly short-term loans, which carried higher rates of interest. Thus, the Pérez administration began to sink the money into vast building projects, many of which had been planned by *Centro Simón Bolívar* or CSB (Simon Bolivar Center.) This government housing agency spent an estimated \$100 million in foreign loans building a controversial and ostentatious high-rise apartment and shopping complex in downtown Caracas, called *Parque Central* (Central Park.) This and other wasteful projects contributed to the public-sector foreign debt of nearly US\$12 billion in 1978, a five-fold increase in only four years. An estimated 70 to 80 percent of this new debt had been contracted by the decentralized public administration.<sup>100</sup>

Between the vast increase in oil revenues before 1976 and the immense foreign debt incurred by the government, the Pérez administration by both mismanagement and corruption spent more money (in absolute terms) in five years than had all other governments during the previous 143 years combined. Despite expansive overseas programs to train managers of the new public entities, the lack of competent personnel to

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<sup>99</sup> Ellner, Steve "A Tolerance Worn Thin: Corruption in the Age of Austerity," *NACLA Report on the Americas*, v. 27, No. 3, (Nov-Dec 1993), p.p. 13-16.

execute the government's many sophisticated endeavors became painfully evident. The delays and myriad cost overruns that ensued formed the backdrop of frequent malfeasance by public officials. Overpayment of contractors, with kickbacks to the contracting officers, was perhaps the most rampant form of graft. Featherbedding and the padding of payrolls with nonworking or nonexistent employees also became common practices.<sup>101</sup> In sum, during this period, the government wasted again a great opportunity for achieving economic development and created a public debt that would spell ruin in the future.

## **2. 1980 Oil Boom**

Announcing during his March 1979 inaugural address that Venezuela could not continue as a "nation that consumes rivers of whiskey and oil,"<sup>102</sup> President Luis Herrera Campins promised to assume an austere posture toward government fiscal concerns. Public spending, including consumer subsidies, was ordered cut, and interest rates were increased to encourage savings. However, when the Iranian Revolution and the outbreak of the Iran-Iraq War caused oil prices to jump from \$17 (U.S.) per barrel in 1979 to \$28 (U.S.) in 1980, Herrera abandoned his austerity measures before they had had a chance to yield results.<sup>103</sup>

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<sup>100</sup> Bridges, Tyler, "Down the Toilet: Where Did Venezuela's Loan Money Go?" *Washington Monthly*, v. 18, (December 1986), p. 21.

<sup>101</sup> Bridges, p.22.

<sup>102</sup> Library of the U.S. Congress, p. 35.

<sup>103</sup> McCoy, 1986-1987, p. 112.

Early on in his term of office, President Herrera also pledged to pursue policies aimed at reviving the moribund private sector. The first of these measures, however, the elimination of price controls, only contributed further to rising inflation. As with his commitment to austerity, the president failed to persist in his pledge to business. For instance, in October 1979 the administration yielded to political pressures from the AD-dominated *Confederación de Trabajadores de Venezuela* or CTV (Confederation of Venezuelan Workers), and approved sizable wage increases. Meanwhile, the number of those employed by state-owned enterprises and autonomic agencies, which Herrera had promised to streamline and make more efficient, proliferated instead.

On the other hand, the Herrera administration initiated several projects, such as a huge coal and steel complex in the state of Zulia, a new natural gas plant with 1,000 kilometers of pipeline, a new railroad from Caracas to the coast, and a bridge linking the Caribbean *Isla de Margarita* (Margarita Island) with the mainland. But the administration had a deficit of some US\$8 billion between 1979 and 1982, which prevented the accomplishment of almost all projects. This caused a lack of confidence in President Herrera's economic management by the local business community, which contributed significantly to a precipitous decline in the growth of real Gross Domestic Product (GDP) from an annual average of 6.1 percent between 1974 and 1978 to a sickly 1.2 percent between 1979 and 1983. Unemployment hovered around 20 percent throughout the early 1980s.<sup>104</sup>

An unexpected softening of oil prices during late 1981 triggered further fiscal problems. World demand for oil—on which the Venezuelan government depended for

some two-thirds of its revenues—continued to decline as the market became glutted with oil from newly-exploited deposits in Mexico and the North Sea. The resumption of large-scale independent borrowing by the decentralized public administration came amidst publicly in the form of aired disagreements among various officials as to the magnitude of the foreign debt. Not until 1983 did outside analysts agree on an approximate figure of US\$32 billion.<sup>105</sup> Compounding growing balance of payments difficulties, rumors of an impending monetary devaluation precipitated a wave of private capital flight overseas in early 1983. Some US\$2 billion left the country during January and February alone whereas the *Banco Central de Venezuela* or BCV (Central Bank of Venezuela) president argued with the finance and planning ministers over what measures to adopt to meet the growing crisis. At the end of February, the government announced a system of foreign exchange controls and a complicated new exchange system, setting the rate at 4.3 bolivars to the dollar for the state, allowing it to float for ordinary transactions, and establishing a middle rate for purchases of imports that the government deemed critical. Well-connected politicians and economic elites laundered money under this system. At the same time, price controls were reinstated to control inflation.<sup>106</sup> The annual increase in consumer prices, which had hit a peak of 22 percent in 1980, fell to 6 percent for 1983.<sup>107</sup>

Seeking a way out of the dismal economic situation, the Herrera administration decided to transfer a greater share of ever-growing government expenses to *Petróleos de*

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<sup>104</sup> McCoy and Smith, p. 116.

<sup>105</sup> Library of the U.S Congress, p. 35.

<sup>106</sup> Hellinger, p. 39.

<sup>107</sup> Library of the U.S Congress. p. 36.

Venezuela (PDVSA). The Central Bank of Venezuela appropriated some \$4.5 billion (U.S.) of PDVSA's reserves to pay the foreign debt, thereby throwing the petroleum corporation's autonomy to the wind. This permitted the government to build up its currency reserves in order to improve Venezuela's image with foreign banks.<sup>108</sup> But, it was too late. Falling prices and dwindling hard-currency reserves led to the devaluation of the bolivar, which signaled the end of the bonanza. By 1983, annual petroleum-export earning fell from their 1981 high of \$19.1 billion (U.S.) to \$13.1 billion (U.S.), and by 1988 the debt was consuming half of Venezuela's oil-export earnings.<sup>109</sup>

Once again, the lack of effectiveness in adopting appropriate economic measures was the *leit motif* in both cases. Thus, during the oil booms in 1973 and 1980, neither Carlos Andrés Pérez nor Luis Herrera Campins realized the pernicious effects that characterizes such phenomena: a petrolization of the state which weakens its capacity, leading to economic decline while creating the illusion that the country was going toward an economic development.<sup>110</sup>

### **C. CARLOS ANDRES PEREZ AND RAFAEL CALDERA ATTEMPTS TO ADDRESS THE ECONOMIC STALEMATE OR "SEQUELS ARE NOT ALWAYS GOOD"**

At this point of the Venezuelan history, the economic issue became an unaddressable matter not only for the populace, but also for the political leaders. Neither

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<sup>108</sup> Karl, Terry, L., "The Venezuelan Petro-State and the Crisis of its Democracy," in Jennifer McCoy, Andrés Serbin, William C. Smith, and Andrés Stambouli, eds. *Venezuelan Democracy Under Stress*, (Coral Gables, FL, University of Miami, North-South Center, 1995), p. 44.

<sup>109</sup> McCoy, 1986-1987, p. 113.

Carlos Andrés Pérez nor Rafael Caldera, despite having previous presidential experience, got close to reversing such a stalemate characterized by a growing unpaid foreign debt and an increasing inflation. On the contrary, most markedly in Pérez, they only exacerbated the accumulated social tension. In his attempt to implement a neoliberal package, Pérez challenged elements of the institutionalized party system, which in turn resulted and undermined any economic reform. First, Pérez's own party objected about being excluded from the policymaking process in favor of a team of technocrats, and they opposed economic reforms. Second, Pérez skipped the traditional consultation with entrepreneur and labor organizations, which led them to resist reform by adopting unpopular and socially destabilizing measures. Thus, the economic policies of Pérez would provoke urban riots in 1989, and two military uprisings in 1992. Other aspect of the institutionalized party system—namely the tradition of consultation with COPEI—meant that blame for the failed neoliberal policies was also assigned to COPEI.

In the case of Caldera, both the failed political promise to reverse the economic stalemate and the return to the *puntofijista* economic policy of relying only on petroleum revenues deepened popular disenchantment and rejection toward the “old establishment.” This would provoke a less violent social response, but one very connected to the previous outcomes: the presidential victory of a political outsider in 1998, Hugo Chávez, a former coup d'état leader of 1992.

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<sup>110</sup> Karl, 1997, p. 18



# **1. Carlos Andrés Pérez's Second Government and His Neoliberal Economic Package**

Prior to Carlos Andrés Pérez second government, president Jaime Lusinchi (1984-89) attempted to reverse the 1983 economic crisis through successive devaluations of the currency, a multi-tier exchange-rate system, greater import protection, increased attention to agriculture, and food self-sufficiency, and generous use of producer and consumer subsidies. These 1983 reforms stimulated a recovery from the negative growth rates of 1980-81 and the stagnation of 1982 with sustained modest growth from 1985 to 1988. By 1989, however, the economy could no longer support the high rates of subsidies and the increasing foreign debt burden, particularly in light of the nearly 50 percent reduction of the price of oil during 1986. Moreover, the government had been borrowing from external sources, which meant by 1986 the Venezuelan foreign debt reached \$33 billion. This made Venezuela the fourth-largest debtor in Latin America, even though it had the highest per capita income of the region.<sup>111</sup>

Under such critical economic circumstances, Venezuelans reelected Carlos Andrés Pérez as president in 1988, hoping that he would return the prosperity of the early 1970's. His new administration was inaugurated in late January 1989. Much to the population's surprise, Pérez surrounded himself with a team of technocrats that recommended a neoliberal solution to the problem under the premise that these measures had proved effective in countries such Argentina and Brazil, in similar conditions of macroeconomic imbalances and stagnation. This meant applying the main components of

neoliberalism: fiscal adjustment, privatization, deregulating and/or adjusting prices, deregulation of the financial sector, trade liberalization, incentives to foreign investments, social security reform, and labor market reform.<sup>112</sup>

At this time, it is important to highlight that the tradition of consultation made COPEI a “circumstantial accomplice,” spreading feelings within the population that this “magic economic recipe” was more of what traditional parties customarily offered. Having AD and COPEI alternate in power for almost 25 years, the hopes for an economic awakening were promptly vanished. Nevertheless, against all economic and social odds, Pérez in a radical way launched an economic reform program called *El Gran Viraje* (The Great Turnaround), following recommendations of the International Monetary Fund (IMF). This economic program, *el paquete* (the package) as it was also popularly known, comprised among other points, reduction of the public employees and fiscal budget, liberalization of prices and free economy, and an increase in the price of gasoline. The increase in gas prices immediately forced the increase of public transportation fees. This issue became the spark that ignited the social explosion on the morning of 28 February 1989.

Thus, violent riots and looting spread across the major cities, and after four days Pérez called the armed forces to restore public order.<sup>113</sup> Two days later, peace returned to Caracas and to twenty more cities. The cost: between 1,000 and 1,200 people killed.<sup>114</sup>

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<sup>111</sup> Karl, p. 38.

<sup>112</sup> Kornblith, Miriam, “Public Sector and Private Sector: New Rules of the Game,” in Jennifer McCoy, Andrés Serbin, William C. Smith, and Andrés Stambouli, eds. *Venezuelan Democracy Under Stress*, (Coral Gables, FL, North-South Center, University of Miami, 1995), p.p. 80-81.

<sup>113</sup> Karl, P. 180.

In 1990, Venezuela continued to suffer from the debilitating effects of political patronage, corruption, and poor economic management. The country's political and economic structures often allowed a small elite to benefit at the expense of the masses. As a result, Venezuela's income distribution was uneven, and its social indicators were lower than the expected level for a country with Venezuela's level of per capita income. Many economic institutions were also weak relative to the country's international stature. The failure of the rentier model was evident.<sup>115</sup>

Unfortunately for the population, Pérez had to continue applying the package. Given the bad economic panorama at the beginning of its presidential period, Pérez had requested to the International Monetary Fund (IMF) loans to carry out welfare projects and also to reactivate the Venezuelan moribund economy. The loans were approved but under certain conditions, which demanded accomplishing the fixed goals in the shortest term. Promisingly, the economy racked up a growth rate of 9.7 percent of the Gross Domestic Product (GDP), giving Venezuela one of the world's fastest growing economies. However, this sudden growth was not accompanied by an explicit effort to improve the inequitable distribution of wealth and income. In this way, an extremely weak delivery system for social services, in tandem with no systematic focus on social policies by the government's economic team, worked against the realization of any visible improvement in basic services, such as hospital and schools. Moreover, the real

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<sup>114</sup> Schuyler, George W., "Perspectives on Venezuelan Democracy," *Latin American Perspectives*, v. 23, (Summer 1996), p. 16.

<sup>115</sup> Kornblith, p.p. 91-92.

public investment in other services such as electricity, water supply, garbage collection, and telephone either stagnated or declined.<sup>116</sup>

In addition to the first violent response to these economic hardships, two failed coup d'état attempts threatened the democratic regime in 1992. The COMACATE movement (derived from the abbreviation of the Venezuelan ranks of junior and middle officers; *comandante, mayor, capitán, teniente*) was composed of officers from the lower middle class, who were badly impacted by the severity of this economic package. They justified their actions by the on-going economic crisis and increased corruption, blaming the politicians for the impoverishment of a country rich in oil and other natural resources. But the uprising failed, as the senior officers, very tied to political and economic elites, remained loyal to the constitutional authorities.

At this point, most analysts agree that there were three causes for the failure of the Pérez's economic reforms. First, although Pérez registered some successes in controlling momentarily the fiscal and trade deficit and holding inflation to around 30 percent, he failed to achieve approval from political parties for his program. Instead, "the highly organized political system viewed the neoliberal restructuring program as little more than a hostile attack by an isolated executive and his team of *técnicos*."<sup>117</sup>

The second cause of Pérez's failed reforms was that his neoliberal program never generated popular support or confidence. For instance, according to public opinion polls in the year that followed the application of this economic package, 73 percent of the

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<sup>116</sup> Naim, Moisés, "The Launching of Radical Policy Changes," in Joseph S. Tulchin and Gary Bland, eds. *Venezuela in the Wake of Radical Reform*, Boulder, 1993, p.p. 39-96

<sup>117</sup> McCoy and Smith, p. 118.

respondents expressed fears regarding the cost of living and removal of price controls. Likewise, 62 percent had little or no confidence that the country would be prosperous in 4 to 5 years even though that the growth rate was a remarkable 10 percent.<sup>118</sup>

Unlike the cases of Argentina and Peru, where similar economic measures did not provoke such social outcomes, the Venezuelan populace was not warned of its painful nature. The technocrats, urged by the need to stop the severe economic crisis at that time, underestimated negative indicators of the possible social impact. This situation left little room for them to advise Pérez to soften the package's application and to inform the media of the constrictive nature of such economic measures. The outcome of this economic plan was quite politically and socially destabilizing.

The third and the most important reason for Pere's failure was the very institutionalization of the party system that obstructed addressing the crisis. Close ties between traditional parties adversely affected social groups because denied the former of privileges. The rentier groups like the *Federación de Cámaras y Asociaciones de Comercio y Producción* (FEDECAMARAS), representing middle-class professionals, and the *Confederación de Trabajadores de Venezuela* (CTV), representing workers, were directed mostly by the members of the traditional parties AD and COPEI. They had access to government decision making via bureaucratic institutions in the decentralized public administration, and they used their privileged political position to fortify their economic standing.

Before launching the program, political leaders of both groups were neither consulted nor warned of the scope of the economic package. When the program was

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<sup>118</sup> Ibid.

implemented, political leaders adopted unpopular actions once they learned that their economic interests would be affected. In the case of FEDECAMARAS, the small and medium entrepreneurs increased sensitive prices for the population, most notably those belonging to the basic basket of goods and transportation. For its part, the CTV incited strikes and demonstration, leading to riots when the population knew that the transportation fee would double.<sup>119</sup>

In summary, no breakdown occurred despite the debt crises, the recession, political corruption, and calls for broad institutional reforms, even two military coup attempts in 1992. Indeed, those who had supported the 1992 coup attempts, as a way to express dislike toward politicians, continued to profess their commitment to democracy. In fact, President Carlos Andrés Pérez was replaced by unquestionable democratic procedures (impeachment) in 1993.<sup>120</sup>

On the other hand, accumulated feelings of rejection of what the two-party system had represented in terms of mismanagement, corruption, and patrimonialism started to affect the traditional electoral preference of the populace. Thus, Rafael Caldera already unlinked from the party which he had founded—COPEI—was supported by new parties. Voters would see him as a candidate that could reverse this pathetic political and economic panorama. As a result, Rafael Caldera was elected for a second time as president in December 1993.

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<sup>119</sup> Crisp, Brian, "Lessons from Economic Reform in the Venezuelan Democracy," *LARR*, v. 33, No. 1, 1998, p. 35.

<sup>120</sup> Loveman, Brian, and Davies, Thomas M., Jr., "Che Guevara, Guerrilla Warfare," Third Edition, Scholarly Resources Inc., Wilmington, DE, 1997, p. 227.

## 2. Rafael Caldera's Second Government and His Failed Orthodox Economic Plan

During the administration of President Caldera (1994-1998) the stabilization programs failed mostly because of an inherited economic disequilibrium coming from the previous government. Heavy inflation, an enormous public and private debt in combination to a significant fiscal deficit were troubling macroeconomic indexes. Although he came into office promising to reverse "The Great Turnaround" of Pérez, Caldera was immediately faced with a by-product of its accumulated ineffectiveness: a major financial crisis. The *Banco Latino*, the country's second largest bank, crashed with other 13 banks. After abandoning proposals for a constitutional amendment that would have allowed him to dissolve the congress, Caldera settled for a declaration of a "state of economic emergency" that gave him the power to rule by decree until economic stability was restored. Thus, Caldera selectively used this extensive executive power to impose price and exchange controls, and also suspended constitutional guarantees regarding financial activity and property rights, which he justified in the name of social justice and solidarity.<sup>121</sup>

But, the Venezuelan economy continued to suffer many economic hardships: inflation remained at 70 percent per annum, the non-oil sector was in recession and investment was stagnant. As Luis Zambrano Sequín argues, the failures of these measures "are due to two main reasons: the stabilization program has been excessively contractive,

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<sup>121</sup> McCoy and Smith, p. 118.

and the measures taken have been unsuccessful at controlling the inflationary pressure.”<sup>122</sup>

Paradoxically, Caldera had returned to the Punto Fijo tradition in adopting an economic model that relies on petroleum rents. As Jennifer McCoy, and William C. Smith highlight:

At present, the Caldera government appears to be returning to the past, reviving state intervention in the economy. Under this scenario, the government continues to rely on interventionist economic policies in an attempt to contain the negative effects of macroeconomic disequilibria, to improve the lot of the poor, and restore national pride. By opening the petroleum sector to foreign capital, in order to expand petroleum production capacity, the government attracts foreign investment to the oil and gold sectors, though not to other economic sectors. The economy stagnates, government popularity declines, and threat to the social order rebound.<sup>123</sup>

Since 1998, the country had been under the worst economic crisis of the last five decades. In the first six months of the year \$ 3.4 billion left the country. Foreign investment decreased to 65 percent of the level of years earlier. Inflation reached 23 percent in the month of August and the interest rate reached 91 percent.<sup>124</sup>

Likewise, Venezuela faced a crumbling infrastructure, closed hospitals and schools. Public teachers and doctors went on strike several times clamoring for a raise in their salary that the government was not able to give.<sup>125</sup> By the end of the Caldera's

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<sup>122</sup> Zambrano, Luis, "What We Have Done and What We Can Still Do in Economic Policy," in Jennifer McCoy, Andrés Serbin, William C. Smith, and Andrés Stambouli, eds. *Venezuelan Democracy Under Stress*, (Coral Gables, FL, North-South Center, University of Miami, 1995), p. 68.

<sup>123</sup> McCoy and Smith, p. 153.

<sup>124</sup> Desaffo '98. "Venezuela: "Un País que cae en Picada." 08 September 1998. Available [Online]:HYPERLINK "<http://www.eud.com/Elecciones'98>" <http://www.eud.com> [08 September 98].

<sup>125</sup> Zambrano, p. 69.



presidential period, 39 percent of 22 million of Venezuelans were living in critical poverty, and another 39 percent in moderate poverty. The fiscal deficit in late 1998 was of \$ 7 billion (U.S.), about the 8 percent of the GDP, while in the beginning of this year it was 5 percent of the GDP.<sup>126</sup> As seen, President Caldera was not only unable to restore the economy, but also to reverse the conditions that led to the consolidation of a petro-state. As Jennifer McCoy and William C. Smith point out:

The [Venezuelan] petro-state's multiple economic role—entrepreneur, regulator, employer, and provider of social welfare—gradually lost both their coherence and the capacity to generate sustained growth. The activist, entrepreneurial state became bloated, inefficient, and incapable of providing even the most basic services and personal security. In this way, the state's public and private 'political rent-seeking' led eventually to inefficiency, corruption, and vulnerability to fluctuating oil revenues.<sup>127</sup>

Under this unfavorable economic panorama, Venezuelans continued to look for new mechanisms that could reverse the lack of capacity for conflict management and collective decision-making along with a consolidated corruption at all levels of the state. They rejected traditional political parties and leaders. In the 1998 elections, the two traditional parties received only 11 percent of the votes.

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<sup>126</sup> El Universal Digital. "El País Saudita ya no Existe" 04 December 1998. Available [Online]: "<http://www.eud.com/Elecciones'98>" <http://www.eud.com> [04 December 1998].

<sup>127</sup> McCoy and Smith, p. 70.

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#### IV. THE CULTURAL DIMENSION OF HUGO CHAVEZ FRIAS'

##### PRESIDENTIAL VICTORY

Hugo Chávez Frías was able to take advantage of the people's rejection of traditional parties and won the presidency in 1998 for two reasons: the notoriety he gained for his effort to "save" the country from the politicians in a 1992 coup attempt and the willingness of the people to vote for a former military man and coup leader. Both of these factors—Hugo Chávez's decision to carry out the coup attempt and the populace's acceptance of a military leader as the answer to their problems—can be explained by a culture which views the military as saviors of *la patria*. As Loveman argues:

As in the past, when Latin American Armed Forces participate in politics, they will do so in the name of *la patria*. They were convinced that when the politicians 'fail to protect their nations' sovereignty and transcendental interests, it is the duty of the armed forces to carry out their historic and constitutional missions. Despite the 'democratization fad' they remain, in the doctrine, in military role, and *in the mind of many of their fellow citizens*, the 'ultimate reservoir of sovereignty' who guarantee the historical continuity of the nation.<sup>128</sup>

Thus, this chapter will show how patriotic beliefs, sentiments, feelings, and values historically and culturally inherited for the armed forces, contributed to the setting of a constant military presence in Venezuela politics.<sup>129</sup> Likewise, it will show that, although initially contained by an institutionalized party system, this military culture of involvement in politics eventually contributed to Chávez's electoral victory in December 1998.

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<sup>128</sup> Loveman, Brian, "Latin America Civil-Military Relations in the 1990s: The Armed Forces and the 'Democratization Fad,'" paper presented at the Latin American Studies Association, Chicago, Illinois, September, 1998, p. 29. (Words italicized by the author).

For this purpose, this chapter is divided into three sections. The first section will show the origins of why Venezuela's armed forces participate in the political fate of the country, as a result of the cultural heritage of Spanish army during the conquest and the Independence wars. It will also show how, in the absence of an institutionalized party system, the military continued to act according to this tradition of intervening in politics until 1958. The second section will address the period during and after the 1958 transition to democracy. This section shows how an institutionalized party system contributed to military subordination to civilian rule, and also how professionalization, indoctrination, and modernization diminished military participation in politics. The third section will demonstrate how the vices of the political class (corruption and mismanagement) exacerbated dormant anti-political feelings within the armed forces, resulting in the birth of the *Ejército Bolivariano Revolucionario 200* or EBR200 (Revolutionary Bolivarian Army 200) and two coups d'état attempts. This section also shows how notoriety gained from the coup attempts and EBR200's, its evolution into a political party, Movimiento Quinta Republica, or MVR (Fifth Republic Movement), and the use of Bolivarian symbols helped Hugo Chávez win the 1998 presidential elections.

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<sup>129</sup> Lichbach, Mark Irving and Zuckerman, Alan S., eds. *Comparative Politics: Rationality, Culture, and Structure*, Cambridge University Press, 1997, p.p. 6, 8.

## A. VENEZUELAN MILITARY CULTURE AND INVOLVEMENT IN POLITICS

### 1. Independence

The political history of Latin America countries has been intimately related to the evolution of its armed forces. The need for armed forces has resulted from the very existence of the state, as Aníbal Ulises Laiño points out:

There are sovereignty, territory, life, decisions, plans, resources, etc. to preserve, and it is through its military instrument that a state exercises its monopoly on legitimate violence to face whatever challenge that might threaten its character as a sovereign political entity.<sup>130</sup>

Venezuela has not been an exception. The cultural heritage obtained from the imperial Spanish army experience fighting against the Moors during the conquest and reconquest of Iberia, inevitably blended and shaped the Venezuela's military since the time of the Independence war. The patriotic army, invested of the same feelings of saviors of *la patria*—the motherland—as its colonizers, fought against the Spanish loyalist army compelled by sentiments of being chosen to keep it alive.<sup>131</sup> Over the years, this Venezuelan admiration of what Simón Bolívar, José Antonio Páez, Antonio José de Sucre, and other Independence heroes meant will endure in their minds,<sup>132</sup> as a main source of patriotism.<sup>133</sup>

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<sup>130</sup> Laiño, Aníbal Ulises, cited by Brian Loveman in *For la Patria: Politics and the Armed Forces in Latin America*, Wilmington, DE, Scholarly Resources Inc., 1999, xi.

<sup>131</sup> Loveman, Brian, *For la Patria: Politics and the Armed Forces in Latin America*, Wilmington, DE, Scholarly Resources Inc., 1999, p. 28.

<sup>132</sup> Burggraaff, Winfield J., *The Venezuelan Armed Forces in Politics, 1935-1959*, Columbia, University of Missouri Press, 1972, p. 4.

In the aftermath of the nineteenth century Independence wars, the Venezuelan soldiers, believing that they created the nation by liberating it, also insisted on ruling it.<sup>134</sup> This claim would become the main military justification for participating in the political fate of Venezuela. In addition, the rapid decay of the political process after Independence would contribute to this perspective when the political vacuum was promptly filled by the army. In this case, the diverse attempts of civilians to exert political influence were short-lived. A republican constitution and the paraphernalia of representative government were duly manufactured but never completely effected. Most of the peninsular aristocracy had either been killed or driven from the country. The newly-dominant creole oligarchs, the *mantuanos*, were unable, because of their inexperience in the techniques of authority, to provide political solutions. Likewise, the generalized perception of the military and most of the population was that civilian rule was synonymous with political irresponsibility and administrative incompetence.<sup>135</sup> Thus, the emergence of the *caudillos*, the former leaders of the patriotic army, as political rulers would be the result of a widespread necessity for the people, no matter their social status, to find a satisfactory way to solve critical problems concerning economic and social stability.<sup>136</sup> On the other hand, the winning of independence from Spain made *caudillos* "national heroes," which encouraged people to follow and support them.

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<sup>133</sup> Centeno, Miguel A., "Whose Glorious Dead?: Latin American Nationalism and the Limits of History," 02 July 1996. Available [Online]:HYPERLINK "<http://www.princeton.edu/~cenmiga/statues.txt>" <http://www.princeton.edu> [02 February 1999].

<sup>134</sup> Lieuwen, Edwin, *Venezuela*, Oxford University Press, 1961, p.160.

<sup>135</sup> Ibid.

## 2. The Caudillos as Venezuela's Political Rulers

Within the political, social, economic and military turmoil that followed the Spanish domination, "The Liberators" (or caudillos,) assumed the role of a political elite.

In this way, the caudillos were military, political, and social phenomena that gave a certain grade of structure to a society that rejected impersonal institutions, or that seemed incapable of disciplining itself enough to develop any. The caudillos took advantage of this situation, arbitrarily and indiscriminately, distributing military titles among themselves. This contributed to the spread within society of the military claim that "only soldiers truly could govern in the interest of national unity, integrity, and well-being."<sup>137</sup>

As Guillermo Morón reports:

Ten years after the Federal War [1873] the State of Carabobo alone had 449 generals, 627 colonels, 967 majors, 818 captains, 504 lieutenants, and eighty-five second lieutenants—no less than 3,540 commissioned officers. The male population over twenty-one years of age was 22,952; which means that in the state over fifteen percent of the active men were army officers...<sup>138</sup>

The parochial character of the caudillos' political performance provoked instability. In their constant and ambitious struggle for getting the power, caudillos undermined unity and well-being. The saddle, more than the presidential chair, would be

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<sup>136</sup> Gilmore, Robert L., *Caudillism and Militarism in Venezuela, 1810-1910*, (Athens, Ohio, Ohio University Press, 1964), p. 14.

<sup>137</sup> Taylor, Philip B., Jr., *The Venezuelan 'Golpe de Estado' of 1958: The Fall of Marcos Pérez Jiménez*, (Washington D.C., Institute for the Comparative Study of Political Systems, v. 4, 1968), p. 16.

<sup>138</sup> Morón, Guillermo, *A History of Venezuela*, London, George Allen and Unwin, Ltd., 1964, p. 151.

the true foundation of the republic for more than a century.<sup>139</sup> It was not until 1908 that the General Juan Vicente Gómez, as the supreme caudillo, consolidated the national state by professionalizing the army.

### 3. Juan Vicente Gómez and the Unification of the Political and Military Powers

Juan Vicente Gómez, the last caudillo, through what was called *La Reforma Militar* (The Military Reform) transformed the unskilled, almost barbaric *montoneras* into a more homogenous, technical, and modernized military force. The constitution of a permanent and professional military force with national range gave to the country a credible governmental structure, which it had lacked throughout its history. This incipient but effective development of a military organization would help Juan Vicente Gómez consolidate the political power under his absolute control. For example, Gómez did not hesitate to use the army as the most effective tool for managing the country as his own farm. The Army collected taxes and distributed oil revenues for his benefit while repressing the populace. Moreover, by dividing Venezuela into military regions, he made possible a more effective distribution of economic, and military resources and enhanced governmental control in isolated areas.<sup>140</sup>

Within the military, Gómez fomented and strengthened ideological and doctrinary unity, thus achieving a reluctant but ensured obedience. Ideologically, Gómez sought to

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<sup>139</sup> Díaz Sánchez, Ramón, *Guzmán, Elipse de una Ambición de Poder*, Biblioteca Nacional de la Academia de Historia, Caracas, 1953, p.p. 187-188.

<sup>140</sup> Ziems, Angel, *El Gomecismo y la Formación del Ejército Nacional*, Editorial Ateneo de Caracas, 1979, p.p. 89, 90, 97, 166, 179.



identify the military and his rule with the heroic past. *El Ejército Nacional* (the National Army) was linked to the *Ejército Libertador* (Liberator Army) of the nineteenth century independence war and historic dates related to the independence period were used to commemorate any important activity of Gómez. It garnered loyalty for him within the military and the public, while deterring the ambitious intentions of the old regional caudillos.<sup>141</sup>

This evolution from caudillism to militarism made the armed forces autonomous capable of existing apart from the president of the republic. However, it did not keep the military out of Venezuela's politics. The legacy of General Juan Vicente Gómez contributed to this role. No political parties existed, no organizations or institutions could approach the armed forces' national constituency or their organizational capacity to take charge of national affairs.<sup>142</sup> The Venezuelan armed forces, at the mid-point of its modernization and professionalization, was the best integrated of the country's political and social structures. In the absence of organized civilian groups capable of dominating and stabilizing the political process, population's recourse to violence reinforced the attraction to the armed forces of filling the power vacuum left by the passing of the last caudillo.<sup>143</sup>

Thus, in the three decades that followed, there were 23 years of non-democratic regimes in Venezuela (1935-1958) under military rulers, interrupted only by the protodemocratic *trienio* (1945-1948). In 1940, General Isaías Medina Angarita shifted the

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<sup>141</sup> Ziems, p.p. 212-213.

<sup>142</sup> Lombardi, John V., *Venezuela: The Search for Order, The Dream of Progress*, Oxford University Press, 1982, p. 218.

regime toward a *dictablanda*,<sup>144</sup> conceding certain rights concerning parties, unions and private investors to Venezuelan civil society. *Acción Democrática*, or AD, a political party founded in 1941, learned how to participate more effectively in politics. Taking advantage of an environment of embitterment over slow promotions in the military and the continuing seniority of non-professional *Gomecistas* officers, AD approached the youngest military members, captains and majors trained in the Military Academy, to plot against the Medina regime.<sup>145</sup> Once they overthrew the president, the new *Junta de Gobierno*, or provisional governing committee, was formed in 1945. It had only two officers among seven members.<sup>146</sup> Given this political opportunity and taking advantage of rising oil revenues, AD carried out public policies based on pragmatism, positivism, and social liberalism. Political leaders focused on improving "human capital" through academic and vocational education, on raising the standards of public health, nutrition and sanitation, and on the accelerated construction of housing. The armed forces did not oppose the relatively radical political, economic and social reforms in the beginning of the *trienio*,<sup>147</sup> but they started to become concerned with the inefficiency and waste manifested through the government's economic and financial mismanagement.<sup>148</sup>

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<sup>143</sup> Gilmore, p. 121.

<sup>144</sup> Schmitter, Philippe C., "Dangers and Dilemmas of Democracy," *Journal of Democracy*, V. 5, No. 2, (April 1994), p. 60.

<sup>145</sup> Taylor, Jr., p. 31.

<sup>146</sup> Burggraaff, p. 74.

<sup>147</sup> Taylor, Jr., p.p. 34-35.

<sup>148</sup> Burggraaff, p. 86.

The military perceived that AD's poor planning, or "trying to do too much too soon"<sup>149</sup> was endangering the fate of the country. By perceiving that "...the extremist fraction that controlled said party [AD] began a series of maneuvers intended to dominate even the armed forces,"<sup>150</sup> military leaders decided to overthrow the Government of President Rómulo Gallegos, who had been elected president for a five-year term beginning in February 1948. Thus, the armed forces ended the three-year experiment in democracy, giving way to a decade of infamous dictatorship starting in 1948.

Under the leadership of General Marcos Pérez Jiménez, political, social, and economic issues were mismanaged through military repression combined with bribery, fraud, and threat.<sup>151</sup>

By 1957, junior officers had grown tired of the corruption and the power monopoly of the ruling generals. This outrage was compounded by an obviously fraudulent Pérez Jiménez's attempt to relegitimize his government through a referendum. Here, for the first time, the feelings of saving the country by finishing this discredited military dictatorship emerged from the military institution itself. This widespread sentiment split the officer corps. Even the youngest faction of the armed forces felt that something had to be done because *la patria* was imperiled. As a result, Venezuelan Air Force planes dropped bombs on the capital on January 1, 1958, to signal the start of a military insurrection. Later, when the Navy revolted on January 22, a group of army

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<sup>149</sup> Burggraaff, p.p. 87-90

<sup>150</sup> Betancourt, Rómulo, *Venezuela: Política y Petróleo*, México, Fondo de Cultura Económica, 1956, p. 473.

<sup>151</sup> Mainwaring, Scott and Scully, Timothy R., eds. *Building Democratic Institutions: Party Systems in Latin America*, (Stanford, CA, Stanford University Press, 1995), p.p. 41-43.

officers forced Pérez to resign. The following day, Venezuela's last dictator fled the country, leaving behind a bankrupted country.<sup>152</sup>

## **B. SEPARATING MILITARY FROM POLITICS: AN INSTITUTIONALIZED PARTY SYSTEM TAKES CONTROL**

When the authoritarian regime of Pérez Jiménez collapsed on January 23, 1958, the political leaders realized that the most important task for ensuring an effective democratic transition was reducing the political interference of the military. The pacted nature of the Venezuelan democratic transition was characterized by easy and fast settlements among the political elites without a major involvement of the armed forces, which contributed to a suitable civilian control over military. The youngest military corps, rejecting the infamous dictatorship, started to support civilians as leaders of the country.

President Rómulo Betancourt, inaugurated in 1959, knew that, of all the issues he faced, maintaining civilian authority over the armed forces by reducing anti-political feelings was the most critical task. The bad experience during the *trienio* (1945-1948) had taught him that little knowledge of the military issues and an exaggerated militaristic ideology within the armed forces were incompatible with any democratic process.

To do so, Rómulo Betancourt adopted a combined political strategy based mostly on professionalization and indoctrination.<sup>153</sup> Concerning the former, by means of the increase of material welfare and professional needs, politicians showed the military that they were concerned and could deal with military issues. For indoctrinating the military,

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<sup>152</sup> Trinkunas, p. 39.

<sup>153</sup> Trinkunas, p. 140.

an intensive program was implemented to transform the ideology of the armed forces from a pro-authoritarian to a pro-democratic one. Military members were taught that absolute civilian control over the military must prevail over the patriotic feelings of saving *la patria*. To illustrate, Rómulo Betancourt visited the most important military installations of the country and improved living conditions in the barracks and to impress upon the armed forces the government's concern with military professionalization and welfare.<sup>154</sup> To increase professionalization, the Betancourt administration expanded educational opportunities for military officers, particularly in non-military fields. Scholarships for studying in universities at home and abroad became widely available for officers. This political strategy helped to break down barriers between the military and civilians.

Concerning welfare, the administration expanded loan programs for noncoms and officers for the purchase of private housing and provided other concrete, visible benefits to military personnel. Likewise, President Betancourt maintained good channels of communication with the officer corps, informed them of the government's intentions and programs, and attempted to insulate the military from politics.<sup>155</sup>

In addition, fears of military involvement in politics were dissipated because the armed forces' members were kept busy fighting Cuban-sponsored guerrillas until the early 1970's. The *Fuerzas Armadas de Liberación Nacional* (FALN), a guerrilla group, provided the political class with the opportunity to channel military's patriotic feelings by assigning them the sacred task of protecting the civilian population from the

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<sup>154</sup> Trinkunas, p. 162.

uncertainties of *fidelista*-inspired violence. As proof, although there were five subsequent joint civilian and military *cuartelazo* attempts between 1959 and 1961, the civilian government was never seriously challenged by the armed forces.<sup>156</sup> At that time, the armed forces, which had always claimed a unique ability to define national values and goals and to maintain the institutions of governments, systematically starts to give up the notion of being "the repository of political virtue and legitimacy."<sup>157</sup> After guerrilla defection and pacification, military officers returned peacefully to live a "garrison life," accepting politicians as the suitable rulers of the country, at least until the early 1990s.

### **C. THE REVIVAL OF POLITICAL INTERVENTIONISM WITHIN THE ARMED FORCES: THE POLITICAL ELITE'S FAILURES**

#### **1. Birth of EBR200 and Coup Attempts**

Although governability reached its highest point in the first three decades after the dictatorship, the very visible governmental mismanagement that accompanied the political performance of the democratically elected leaders would eventually undermine the stability of the democratic regime in Venezuela. During this period, Venezuelans lived under a rentier-state that collected few taxes, and depended on their oil income, which never reached a desired point of development.<sup>158</sup> This meant several economic crises, such as devaluation, inflation, and a large fiscal deficit, that were reflected in

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<sup>155</sup> Trinkunas, p. 176.

<sup>156</sup> Taylor, Jr., p. 69.

<sup>157</sup> Betancourt, p.p. 836-837.

<sup>158</sup> Karl, Terry L., *The Paradox of Plenty: Oil Booms and Petro-States*, (Standford, CA, University of California Press, 1998), p. 36.

poverty, unemployment, and scarcity. These consequences were significant factors of the social disequilibrium.<sup>159</sup> For the armed forces, it meant corruption within the higher ranks, budgetary outlays, and politicization of the promotion system, which began to disturb its stability.<sup>160</sup>

In this context of economic, political, social, and military crisis one can explain the ideological motivation for military intervention in Venezuela's political life, beginning with the birth of the *Ejército Bolivariano 200*, or EB200 (Bolivarian Army 200).

Created as a faction of the 42th Brigade of Paratroopers of the Venezuelan Army, the EBR200 was founded on July 24, 1983, a date with high patriotic significance. This was the bicentennial of the birth of "The Liberator" Simón Bolívar, which undoubtedly highlighted the nationalistic character of the organization. Its leaders were mostly elite officers that had graduated from the Venezuelan Military Academy in the classes of 1973 and 1974, the first among all the services to obtain a college degree. Among them were Hugo Chávez Frías, Francisco Arias Cárdenas, and Felipe Acosta Carles. The former, Hugo Chávez, 17 years later, would become a famous leader of the *Movimiento Revolucionario Bolivariano 200*, or MRB200 (Bolivarian Revolutionary Movement).

Here, the matter of professionalism that had helped to keep the military away from politics for at least three decades, became a sort of double-edged sword. In the aftermath of the democratic transition of 1958, improvements in the education and training had

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<sup>159</sup> Mainwaring and Scully, p. 43.

<sup>160</sup> Arcenaux, Graig, "Dramatic Consolidation or Reconsolidation?: Military Doctrine and the 1992 Military Unrest in Venezuela," *Journal of Political and Military Sociology*, (Summer 1996), p. 70.

made military officers more accepting of civilian control over the military instead of their own direct political participation. However, as military officers begin to receive more training in some areas (political science, legal and judiciary matters, security and defense) they felt the right to participate in politics.

To expand the ideological concept of the movement, the leaders of the EBR200 created generational ties with more junior officers through teaching military courses in the *Academia Militar* (Army Academy). This allowed them to gain more followers while indoctrinating younger officers.<sup>161</sup> All the officers of the EBR200 were known for their devoted admiration to the Bolivarian ideals, their patriotism and for their “outspoken critical approach.”<sup>162</sup>

Moreover, the bloody and traumatic urban riots on February 27, 1989 would have a significant impact within the movement. This event by itself in combination with the death of Maj. Acosta Carles during these riots, one of the most influential leaders, evolved the EBR200 into the *Movimiento Bolivariano Revolucionario 200*, or MBR200 (Revolutionary Bolivarian Movement).

For the new MBR200, the 1989 riots and their aftermath added impetus to the movement. In addition, corruption within the Carlos Andrés Pérez administration and his mismanagement of military issues had become constant concerns of the movement. As Deborah L. Norden highlighted when referring to the latter point, the MBR200 members “took offense at the apparently politicized nature of promotions and appointments, a

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<sup>161</sup> Norden, Deborah L., “The Organizational Dynamics of Militaries and Military Movements: Paths to Power in Venezuela,” paper presented at the Conference on *Soldiers and Democracy*, Riverside, Ca, University of California, February 1998, p.p. 22-23



practice related to the democratic regime's strategy for civilian control."<sup>163</sup> Furthermore, Pérez's "soft" position to deal with Colombian territorial claims over the Venezuelan Gulf, a very sensitive military issue, was considered by the armed forces as a real threat for the Venezuelan sovereignty. This situation would change the movement's goals from a solely military accounting to a broader patriotic mission of saving Venezuela from the socio-economic, and political (internal and external) chaos.

As Brian Loveman argues:

Militaries [in Latin America] have recognized publicly their subordination to civilians, except when civilians are perceived to have exceeded their authority or put at risk national values, interest, and security that the armed forces are sworn to defend or when civilian political system has failed to settle.<sup>164</sup>

In 1992, according to Arias Cárdenas, one of MBR200 leaders, there was enough motivation for the movement's members to challenge the government, which encouraged the MBR to accelerate their plans. Surprisingly or not, this moment would arrive on February 4, 1992, in a violent form: a coup d'état attempt.<sup>165</sup>

In this coup d'état attempt, Chávez and the leaders of the MBR200 invoked the same patriotic feelings as Liberators and caudillos did during the independence and post-independence era. They argued that participating in the political fate of Venezuela was a just and sacred cause.

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<sup>162</sup> Arceneaux, p.70.

<sup>163</sup> Norden, p.24.

<sup>164</sup> Loveman, xiv.

<sup>165</sup> Ibid.

This point was evidenced when Lt. Colonel Hugo Chávez Frías justified the rebellion of February 4, 1992, with the following argument:

While the constitution holds that the military had the duty to 'ensure democratic stability,' the MBR200 believes its duty to evaluate whether or not the government of Carlos Andrés Pérez was illegitimate, the MBR200 decided to remove him from office.... the willingness of President Pérez to negotiate with Colombia on border issues, became a matter of national sovereignty. Therefore, it was the constitutional duty of the MBR200 to maintain the territorial integrity of the nation.<sup>166</sup>

In the aftermath of both military uprisings, the popularity of the coup leaders increased significantly, in particular, Lieutenant Colonel Hugo Chávez became something of a national hero. His participation in the failed attempt to take over the presidential palace of *Miraflores* will endure in the minds of Venezuelans, especially by means of his famous speech to the media in the aftermath of the military uprising. This would presage his future involvement in politics. The speech, translated by the author, was as follows:

First of all, I want to wish a good day to all the people of Venezuela and, this Bolivarian message is directed to the brave soldiers that are in the Regiment of Paratroopers of Aragua, and the armor Brigade of Valencia.

¡Comrades!

Sadly... [By] now... the objectives that were pursued were not achieved in the capital. It means that, we here in Caracas, did not achieve control. You did a good job there. But, it is time to avoid more bloodshed. It is time for reflection; there will be the new opportunities and the country must take the better course. Listen to my words, listen to the Comandante Chavez, that sends you this message so you will give up your weapons, because the objectives planned nationally would not be possible now.

¡Comrades!

Listen to this message of solidarity. I thank you for your loyalty, I thank you for your valor, and your unselfishness and *I, before all the*

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<sup>166</sup> Zago, Angela, "La Rebelión de los Angeles," in Enrique Ochoa Antich, ed. *Nos Alzamos por la Constitución: Carta de los Oficiales Bolivarianos*, Caracas, Fuente Editores, 1992, p. 10.

country, assume the responsibility of the Bolivarian Military Movement.<sup>167</sup>

This speech crucially represented the birth of the so-called *Movimiento Quinta República*, or MVR (Movement Fifth Republic), a political party, which would support Hugo Chávez in the presidential elections on December 6, 1998. Chávez was jailed after the first coup attempt in 1992, but released at the beginning of Rafael Caldera's presidential period in 1994 before his trial had come to a conclusion. Since he was never actually convicted, Chávez was eligible to run for office. Hugo Chávez, now a retired officer, participated in the political campaign representing the final blow to the institutionalized AD-COPEI party system.<sup>168</sup>

## **2. The Fifth Republic Movement or How Reviving Bolivarianism Contributed to Hugo Chávez's Victory**

Taking advantage of this widespread disillusionment, Hugo Chávez was able to use Bolivarian symbolism to incline the populace's mindset toward his political cause. In fact, his support began a dramatic ascent from an initial 6 percent to 39 percent by August 1998, just three month before the elections. By using the same strategy for attracting and manipulating Venezuelan's minds as Juan Vicente Gómez did during his 35-year dictatorship, Chávez claimed to be inspired by Simón Bolívar and other Venezuelan independence heroes. In fact, he had transformed the Revolutionary Bolivarian Movement (MBR200), founded with other military members of the class in 1982, into the

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<sup>167</sup> Words expressed by Lieutenant Colonel Hugo Chavez in national television the fourth of February of 1992, El Universal Digital, "Dirección Nacional Político-Electoral del Movimiento V República," 10 October 1998. Available [Online]:HYPERLINK "<http://www.4f.org/4febrero.htm>" <http://www.el-universal.com>. [10 October 1998].

Movimiento Quinta República or MVR (Fifth Republic Movement),<sup>169</sup> which advocated the reformulation of Venezuelan democracy and the purge of the country of a debilitating and pervasive corruption. Since the Venezuelan armed forces was an organization with a high grade of credibility and accountability among other institutions—comparable to the Church—the backing of a movement with its origins in the military helped make Chávez a more attractive political option.

The MVR members attempted to capitalize on the military reputation by using diverse elements related to the Venezuelan army uniform as the main symbols of electoral propaganda. The red beret, used by the Army's airborne troops during the February 4, 1992 coup d'état attempt, and later forbidden by the government, was a major symbol. In addition, Chávez's constant populist references to Simón Bolívar's expressions during his speeches also helped to form a "liberator" image within the lowest class. Thus, Chávez's image of being a former member of what has been considered a glorious heritage from the *Ejército Libertador* (Liberator Army) of the nineteenth century's independence won the sympathy of many voters.

Likewise, as Gómez also did, Chávez took advantage of historic dates related to the independence heroes but now with electoral purposes. By announcing his candidacy on July 24, 1998, the 215<sup>th</sup> commemoration of Simón Bolívar's birth, Chávez not only reinforced his "liberator" image, but also began to challenge the other contenders' political strategy of labeling him an authoritarian, given his previous participation in the

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<sup>168</sup> Mainwaring and Scully, *ibid.*

<sup>169</sup> According to MVR leaders, it is the Fifth Republic because the first was lost to the Spaniard in 1811. The second was lost to the dictatorship of José Antonio Páez in 1830. The Third Republic was lost in

military uprisings. For both purposes, when talking to the Venezuelans who were present during this official act, Hugo Chávez gave an impressive speech. It was translated by the author, as follows:

On this 24<sup>th</sup> of July it is showed that Bolívar has not died because he is present in the heart of millions of Venezuelans. The true commander of all nations born 215 years ago, in his memory [we] dedicate the triumph of the people the next 6<sup>th</sup> of December. I did come from violent ways, did I not? I am not going to deny it, I never denied it and I never wanted to deny it... I declare that the moment of peace, the embrace, and the love has arrived. I beg God to give to strength... in this moment of reappearance, in this hour of democracy, and in this hour of a new era.<sup>170</sup>

These Bolivarian ideals of "saving" *la patria* would continue positively motivating Chávez and his followers for the rest of the campaign. In fact, the last poll figures before the election showed Chávez leading 57 percent to 26 percent over Henrique Salas Römer, an independent candidate. The impoverished Venezuelans, surfeited with all that represented *puntofijismo*, the old political establishment, would see in Hugo Chávez a sort of messiah who could rescue the endangered fate of the country. Both his previous military participation in politics and the Bolivarian image of liberator reinforced in the populace a collective sensation "to finish the unfinished," stimulating voters to make what they consider a necessary change. This in conjunction with the use of Bolivarian symbolism would enforce the population mindset of seeing Chávez as a savior of *la patria*.

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the coup of 1945 against Isaías Medina Angarita, and the Fourth Republic by the *puntofijista* governments.

<sup>170</sup> Delgado-Mijares, Yeneiza, "Vengo de la Violencia pero Garantizo el Cambio en Paz," *El Nacional*, Política, 0725/98.

As Alberto Muller Rojas says, "Faced with these circumstances [socio-economic hardships], the population—following the more salient features of its political culture—turns its glance to the military with the hope of any intervention that might put an end to the mismanagement that is progressively and continually affecting the social order."<sup>171</sup>

Unbelievably for many Venezuelans, the former Lieutenant Colonel Hugo Chávez Frías won the presidential elections of December 1998. As Juan Liscano would comment in an attempt to explain such a "rare" electoral outcome: "The election is done and the former lieutenant colonel has won. His personality, his promises, his link with the magic-religious bolivarianism, the mistakes of his political contenders... the decadence of traditional parties... opened completely the doors of the way to the presidency in the midst of the Punto Fijo pact's collapse...."<sup>172</sup>

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<sup>171</sup> Muller Rojas, Alberto, *Relaciones Peligrosas: Militares, Política, y Estado*, Fondo Editorial APUCV/IPP, Fondo Editorial Tropykos, Fundacion Gual y España, Caracas, 1992, p. 77.

<sup>172</sup> Liscano, Juan, "Recuento sin Respuesta," *El Nacional*, Opinión, 22/12/ 99.

## V. CONCLUSIONS

As seen, in the search for elements that could explain the Hugo Chávez Frias' presidential victory as a political phenomenon, the use of a single approach does not provide for accurate conclusions. From a holistic perspective, the study of this phenomenon from three approaches—economic, cultural, and institutional—provides a fuller explanation. This concluding chapter will weigh the relative importance of each variable and the contribution each makes to an explanation of the electoral victory of Hugo Chávez in 1998.

The institutional approach suggests how the progressive deinstitutionalization of the two-party system fostered the appearance of political outsiders able to compete successfully in presidential elections. Civilian politicians of the traditional parties had achieved a predominant status in the political arena, particularly since the end of the Pérez Jiménez dictatorship in 1958. AD and COPEI institutionalized a two-party system by creating strong roots in society, stable interparty competition, legitimacy among the population, and stable rules and structures, which ensured their total hegemony in politics. This allowed them to keep away the specter of the authoritarianism or any military participation in politics for a long time. However, the very institutionalized nature of the party system made it unable to deal with economic crisis. Despite efforts to right the economy by applying neoliberal economic measures, rentier groups "sabotaged" reforms when they perceived that the tradition of broad political consultation was deliberately abandoned and their economic interests affected.

This inability to cope with economic and social hardships contributed greatly to the deinstitutionalization of the two-party system. It would be popularly expressed through violent events (urban riots in 1989, and two coups d'état attempts in 1992). In 1993, more peacefully, the presidential election of Rafael Caldera, considered a semi-outsider unlinked to traditional parties, was the beginning of the end of a consolidated "partyarchy." However, when Caldera adopted economic and political strategies that previously had characterized the 1958-1993 *puntofijismo*, Venezuelans became disenchanted with what they had considered their last political hope. They increasingly rejected anyone associated with traditional political parties. As a result, new political outsiders, in the form of individuals and groups, would capture the voter's attention in the next election. Hugo Chávez, taking advantage of this agitated political panorama, campaigned and won the 1998 presidential elections.

As explained so far, the deinstitutionalization of the party system's that provided the opening for outsiders like Hugo Chávez to come to power was closely linked to economic crisis. Most Latin America countries have experienced economic crisis in the 1980s and 1990s but not all have experienced the collapse of their party systems. To understand why this happened in Venezuela, it is important to understand two points: the illusion of progress created by the country's oil wealth and the way the overly institutionalized party system blocked economic reforms.

Thoroughly related to the previous approach, the economic perspective allows us to understand how the decline of an "artificial" governability, created by the pacted nature of the 1958 democratic transition and supported by enormous oil revenues, not only



affected political stability, but also opened a “window of political opportunity” for Chávez. By spending the national budget on ambitious projects, politicians had created the illusion of developing the country while doing the opposite. That kept Venezuelan society moderately satisfied for a long period, and the armed forces could believe that the political class was an elite capable of managing and directing the economic fate of the country. However, once the economic situation acquired unbearable dimensions for the state, economic mismanagement, corruption, and progressive social deterioration led to violent demonstrations: urban riots in 1989, and two bloody coups d'état attempts in 1992.

On the other hand, the institutionalized character of the party system blocked any “insider” to address the economic crisis so long as rentier groups were not co-opted to support reforms. Despite poor prospects for the survival of the democratic regime after 1992, economic policies generated by future governments did little to fulfill Venezuelan expectations. Caldera, promising to reverse the problem, just achieved a partial return to what Venezuelans were accustomed to: an economic model based on oil rents. Thus, Hugo Chávez, a coup leader in 1992, was perceived by an impoverished populace as the necessary agent for ending the economic stalemate.

Finally, the cultural approach explains why a former military man was in a position to take advantage of the deinstitutionalization of the party system and be elected president. The heroic and liberating actions of the Venezuelan Army during the Independence Wars led Venezuelan officers to consider themselves as saviors of *la patria* (the fatherland), who must protect it from inefficiency and corrupt politicians. Politicians,

realizing this, worked in coordination to achieve suitable civilian control over military after the 1958 democratic transition. Modernization, indoctrination, and professionalization were useful for keeping the armed forces away from political participation. However, political failures led to the armed forces' politicization, and increasing levels of corruption and mismanagement awoke anti-political sentiments in the military. Two failed coup attempts in 1992 were the violent consequence of these feelings. Hugo Chávez, a former army lieutenant colonel and leader of one of the military uprisings, used Bolivarian and Army cultural symbols, to become a more attractive electoral option for disillusioned voters. The impoverished Venezuelans, fed up with all that represented *puntofijismo*, the old political establishment, would see in Hugo Chávez a sort of messiah who could rescue the endangered fate of the country. Venezuelans eventually elected Chávez president by 56 percent of the votes, a significant majority.

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